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NEWS SUMMARY

GENERAL

EEC's Afghan plan rejected

The Soviet Union dismissed as unrealistic the European Community plan for a negotiated settlement on Afghanistan, presented in Moscow for the EEC by Foreign Secretary Lord Carrington.

Soviet Foreign Minister Andrei Gromyko said it was natural for other countries to interest themselves in the Afghan issue's international aspects, but "as to internal matters . . . everybody must keep his hands off." Back Page, Bid to calm Italy, Page 2

Assets deadline

The U.S. Treasury yesterday gave U.S banks and citizens four days to transfer $2.08bn in Iranian assets to Government control.

Rugby tour row

New Zealand opposition Labour leader Bill Rowling said Premier Robert Muldoon might try to take the country out of the Commonwealth in the row over a South African rugby tour. Page 3

Oil-rig fire

Oil production at Shell's Brent Charlie platform in the North Sea was shut down for the time being after a fire, extinguished after 40 minutes. The cause is being investigated.

Ulster appeal

Nobel Peace prizewinner Mother Teresa told 600 people at Ballycastle, Co. Antrim, that hunger-strikes were an act of violence and could not be right. H-block crisis, Page 8

Benn setback

National Union of Mineworkers Left-wingers failed to commit the union to Tony Benn's candidature for the Labour Party deputy leadership. Page 7

GLC threat

The Labour-controlled Greater London Council would resign and seek a fresh mandate from voters rather than accept a Government-imposed ceiling on rates, GLC leader Ken Livingstone said.

Hong Kong storm

Most businesses, and government offices and schools, closed down as tropical storm Lynn buffeted Hong Kong with rain and winds up to 66 mph. Eleven people were injured. Many inbound and outgoing flights were cancelled. Page 3

Drought ends

Between two to four inches of rain broke a year-long drought that brought malnutrition to parts of North China.

Floods kill 69

Torrential rain and floods killed at least 69 people in North India. Oil production in Assam was disrupted.

Ferries cut

Withdrawal of the car ferry Earl William for Trade Department damage-inspection, to join the fire-damaged Earl Godwin, means Sealink has only two ferries operating to the Channel Isles from Weymouth and Portsmouth.

England 85 ahead

England, 311 and 129 for two, are 85 ahead of Australia (355 all out) after four days of the second Cornhill Test, at Lord's.

Briefly . . .

National Anthem is to be deleted from its hymn-books, the Methodist Conference decided.

Felixstowe's £32m port development was opened. Page 6

Greek telephone services were hit by a strike.

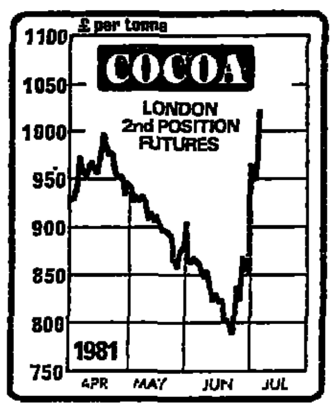
BUSINESS

Gold off by $10; gilts fall to 64.67

● GOLD fell $10 in London to $404, its lowest closing level since November 1979. On the New York Commodity Exchange it was trading at $399 shortly before the close. Page 29

● *GILTS fell following the* authorities' move to push up short-term interest rates. The Government Securities index was down 0.84 to a 16-month low of 64.67. Page 32

● EQUITIES were affected by the weakness in Gilts, the FT index dropping 7.2 to 540.8. Page 32



COCOA prices continued to rise. The London futures market September position closed £50 up at £1,022.50 a tonne. Page 31

● STERLING trade-weighted index rose to 93.2 (92.5). The currency was $1.9005, a rise of 70 points on Friday's close, and up to DM 4.66 (DM 4.5725), FFr 11.025 (FFr 10.85), and SwFr 3.975 (SwFr 3.9275). Page 29

● DOLLAR trade-weighted index rose to 110.6 (109.9). It was DM 2.45 (DM 2.414), FFr 5.8025 (FFr 5.7325), SwFr 2.091 (SwFr 2.073) and Y230.15 (Y228.35). Page 29

● WALL STREET was down 12.18 at 947.01 near the close. Page 30

● EEC Finance Ministers endorsed a confidential critique of U.S. interest rate and dollar policies which suggests that Washington is out of line with IMF guidelines. Back Page

● WEST GERMANY is likely to see a sharp cut in its current account deficit in the next 18 months, says an OECD report. Back Page

● OUTPUT will recover and interest rates fall from the end of this year, a group of Liverpool economists forecast. Page 5

● DAWN RAIDS on UK-based oil exploration companies will be outlawed from today after a revision of the Council for the Securities Industry rules. Page 6

● VEBA, West German oil company, has cut purchases of crude oil from the Soviet Union because of "excessive pricing." Profits down. Page 26

● CANADA PERMANENT Mortgage, Canada's third largest *trust company*, advised shareholders to accept a C$275m (£119.7m) cash bid from Genstar. Page 25

● MERCANTILE HOUSE Holdings, money broking and financial services group, is raising £9.6m through a rights issue and proposes a one-for-one scrip issue. It had a 104 per cent rise in pre-tax profits to £7.145m for the year ending April, and increased its dividend 40 per cent to 17.5p: Page 24: Lex, Back Page

● MAY AND HASSELL, timber importer, reported a pre-tax deficit of £1.01m for the year ending March, against £2.01m profit. Page 22

● MERCURY SECURITIES improved attributable profits from £11.61m to £12.31m for the year ending March. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
llebone	30	+ 3
rker and Dobson	8½	− 1½
nlay (J.)	140	+ 6
rdon (Luis)	40	+ 4
stock Johnsen	79	+ 5
oothill (R. W.)	58	+ 8
Yorklyde	220	+ 20
Northern Mining	190	+ 14
FALLS		
Treas. 11¼pc 1985	£92	− 1¼
Exqr. 12¼pc '99 B	£87⅞	− 1½
Bassett (Geo.)	66	− 4
Berkeley Hambro	276	− 10
Dowty	284	− 9
GEC	745	− 15
Initial Services	214	− 5
Ladbroke	154	− 7
Land Securities	403	− 11
MEPC	240	− 7
Mercantile House	838	− 17
Metal Box	170	− 8
Polly Peck	353	− 12
Reed Intnl	245	− 7
Thorn EMI	390	− 6
Town City Props	28½	− 1½
Tube Invs.	138	− 12
BP New nil paid	25pm	− 11
Shell Transport	346	− 14
Eagle Crpn.	60	− 5
Silvermines	96	− 6

Whitelaw pledges backing for police action against street violence

BY RICHARD EVANS, LOBBY EDITOR

MR WILLIAM WHITELAW, the Home Secretary, pledged full Government support yesterday for any police action to combat street violence, following the weekend rioting in Toxteth, Liverpool and Southall, West London.

The scale and intensity of the violence was condemned by all sides in the Commons, with Mr Whitelaw, in a sombre statement, telling MPs that police had been attacked "with extraordinary ferocity."

An early result of the riots will be the issuing of improved riot gear to the police, including better protective headgear, and use by police of armoured vehicles of the type in use in Northern Ireland.

At present police wear reinforced helmets with visors, which prove inadequate against the bricks and other missiles hurled by rioters. Similarly, standard police vehicles are unprotected against petrol bombs.

Conservative and Labour MPs accepted after the weekend that a watershed had probably been reached in the way the country was policed.

As an example, use of CS gas on the UK mainland for the first time received widespread support because of the circumstances, and police stocks are likely to be increased in case of further emergencies.

Mr Whitelaw was one of the many political, Church, and community leaders to condemn the weekend's violence.

The Home Secretary's statement came as a major cleaning-up operation got under way in the riot areas, and 70 people appeared in court in Liverpool.

One was a girl of 13 accused of arson, and another a girl of 15 accused of causing grievous bodily harm to a policeman. It was alleged she hit him with a brick.

Other charges included possession of a petrol bomb intending to destroy or damage property, and having offensive weapons, such as Molotov cocktails and house bricks.

Mr Whitelaw told the Commons: "Violence at such a level must be firmly met if people and property are to be protected.

"I wish to make it clear that chief officers of police will have my full support in taking positive action when necessary."

A significant outcome of Toxteth, Southall and coming after Bristol and Brixton, is that the police will have to become less defensive and more aggressive in the way they tackle urban rioting.

Mr Whitelaw rejected demands for an independent inquiry into the disturbances, but promised that an investigation would be made into police methods in the Toxteth area before the outbreak of violence.

Several local MPs, including Mr Richard Crawshaw, Social Democratic MP for Toxteth, said there was a feeling among both the black and white communities that the police had not been "even-handed" in enforcing the law.

Many Labour MPs, including Mr Roy Hattersley, home affairs spokesman, suggested, to the irritation of Tories, that the incidents were likely to continue until the Government tackled the social and economic causes of the unrest, particularly chronic unemployment among young people.

Tory MPs tended to concentrate on the need to enforce law and order and to help the police stop the mindless violence of the weekend.

Philip Bassett writes: in St Andrew's, Mr Michael Foot, Labour Party leader, called for a wide-ranging inquiry into *problems in inner cities*'.

Speaking to the annual conference of the National Union of Railwaymen, Mr Foot said

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Parliament, Page 8;
Feature, Page 21

Conoco in $7bn Du Pont merger

BY PAUL BETTS IN NEW YORK

DU PONT, the U.S. chemicals giant, agreed yesterday to take over Conoco, the ninth-largest oil company in America and the country's second-biggest coal producer, in a deal valued at about $7bn (£3.7bn).

The deal will be the largest corporate merger in U.S. history, worth almost double the $3.65bn paid for Belridge Oil Company by Shell Oil two years ago.

The combination of Du Point and Conoco will create a huge new energy and chemicals company, with annual sales of more than $32bn. It will rank seventh in Fortune Magazine's list of the 500 largest U.S. companies — just behind the Ford Motor Company.

The deal came about as a result of Conoco's attempts to fight off a $2.5bn bid by Seagram of Canada to acquire 41 per cent of the oil company's stock. The bid was the climax of a long-running battle between Conoco and Seagram, which has wanted to acquire a large U.S. company ever since it sold its American oil and gas interests for $2.3bn to Sun Corporation last year.

It was not a complete surprise that Du Pont, whose sales of $13.7bn last year were smaller than Conoco's $18.7bn, emerged as the main contender for Conoco. The chemicals company has been keen for some time to gain more access to reliable sources of oil and gas, which account for 70 per cent of its raw materials needs.

The merger is almost certain to rescue Conoco from the clutches of other predators and enable it to participate in a more integrated energy-chemicals market.

The agreement between Du Pont and Conoco was hammered out during the July 4 holiday weekend. It involves the purchase by Du Pont of 40 per cent of Conoco's outstanding 86m shares for $87.50 each, in a deal worth $3.01bn.

The remaining Conoco stocks will be acquired by an exchange of 1.6 Du Pont shares for each Conoco share. At Du Pont's closing share price last Thursday, which was $51¼, this part of the transaction is valued at $4.23bn. This figure could fall, depending on the Du Pont share price.

The agreement also gives Du Pont an option to buy 15.9m unissued Conoco shares for $87.50 each.

Du Pont's offer substantially tops Seagram's bid of $73 a share for only 35m Conoco shares.

Conoco shares opened on the New York Stock Exchange after a delay yesterday at $76¾, up 7¼ on Thursday's close. Du Pont opened at $45, down $5¼.

Du Pont said yesterday it would have to borrow $3bn from a group of major banks to finance the cash portion of the takeover deal.

Because Du Pont is making a tender offer for Conoco, the offer will not be subject to Conoco shareholders' approval, since it will be up to them to decide whether to tender out their shares.

The offer is, however, subject to approval by Du Pont shareholders at a meeting set for the middle of next month. The merger will be subject also to Conoco shareholders' approval.

Du Pont said yesterday its offer was conditional on obtaining a majority of the outstanding Conoco shares. The offer and merger will involve the issue of about 84m Du Pont shares and cash payments of $3bn for Conoco shares.

The two companies said Conoco would continue to operate under its present management as a wholly-owned subsidiary of Du Pont. Mr Edward Jefferson, Du Pont's chairman, added: "The Conoco merger will not alter Du Pon't or Conoco's existing strategic directions."

Feature, Page 20,
Lex, Back Page

U.S. trust *questions* policies of NUM

By Christian Tyler, Labour Editor

LAWYERS ACTING for a large U.S. property investment trust have been cross-examining *leaders of the National Union of* Mineworkers about their political affiliations as part of an attempt by the trust to fight off a $267m (£134m) takeover bid by the National Coal Board's pension fund.

Several NUM officials, including Mr Joe Gormley, the president, and Mr Michael McGahey, the Communist vice-president, are among trustees of the £1bn Mineworkers' Pension Fund.

This fund and its white-collar equivalent have made an offer for Connecticut General Mortgage and Reality Investments (Congen). The offer is being strongly opposed in the U.S.

One line of attack is to be that the Left-wing politics of some NUM leaders casts doubt on the suitability of the NCB funds to take over and manage Congen's investments.

In the last few days lawyers have been asking how many Communists there are on the union's National Executive Committee (there are four), demanding names and taking depositions for use in the U.S. courts. Their investigations, part of a wider vetting of the pension funds' management, have caused considerable anger.

The U.S. legal proceedings are described as standard procedure in contested bids of this kind. But it is the first known case where trade union involvement in British pension fund management has been raised so acutely.

The union trustees are believed to have argued that their competence to represent their members' and pensioners' interests has nothing to do with personal politics or the political

Continued on Back Page

Upward pressure on base rates

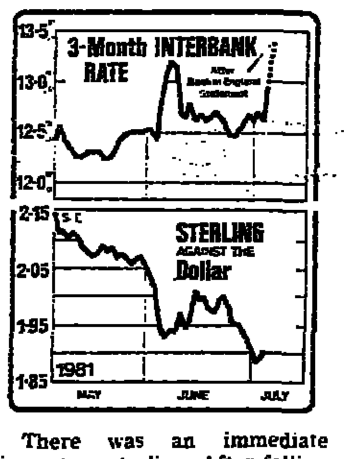
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INTEREST RATES rose sharply yesterday in the Lon*don money market, putting pres*sure on the clearing banks' base rates. Sterling picked up as a result, both against the dollar and the Continental currencies.

These events were triggered by reports that the British Government would like to see sterling stabilise after its recent fall. The markets promptly pushed up interest rates of a month and longer, and, in a significant move, the Bank of England responded by encouraging an increase in very short-term rates up into line with this higher level.

The Bank's move was via loans for a week, to two or three discount houses at a rate above Minimum Lending Rate and market rates.

Three-month interbank rate—a key influence on the cost of part of the clearers' deposits—rose by well over ½ a point to 13⅞ per cent. At this level there is clearly pressure on the banks to raise their base lending rates. But there is no immediate need for a change and the banks are likely to wait over the next few days to see if the squeeze is intensified.



There was an immediate impact on sterling. After falling to $1.8790 the pound rose by over 2 cents to close 70 points up on the day at $1.9005. Sterling also climbed to DM 4.66, against DM 4.57¼ on Friday, and the pound's trade-weighted index, measuring its average value against other currencies, rose 0.7 points to 93.2.

Mr Nigel Lawson, the Financial Secretary to the Treasury, yesterday stressed that the Government had made no fundamental change in its exchange rate policy. This is true in the sense that there is no specific *exchange rate target and inter*vention is only to prevent excessively erratic fluctuations.

The Government does, however, now clearly want a more stable pound and this external influence was undoubtedly a factor in yesterday's money market actions. The view is that if the pound is moving faster and further than desired, as now, there is a role for higher interest rates.

Yesterday's action was presented as a further evolution of the Bank's new and more flexible monetary control techniques in which interest rate changes are less abrupt. While the markets yesterday initiated the rise in interest rates, the Bank's later moves can be seen as an important support for the rise.

The Bank's actions represen*ted a move towards the unpub*lished band of short-term interest rates which will probably replace the now largely redundant Minimum Lending Rate later this summer.

German interest rates, Page 2;
Money markets, Page 29

Drop in value of sterling raises raw material costs

BY PETER RIDDELL

THE COST of British industry's raw materials and fuel rose sharply last month in response to the big fall in the value of sterling in foreign exchange markets. This more than offset the decline in the dollar price of crude oil and some other commodities.

Department of Industry figures published yesterday highlight the renewed surge in material and fuel costs in *recent months. The impact on* wholesale output prices and on retail prices is, however, likely to be limited by the favourable effects of the slower growth of wages and by continuing competitive pressures.

The overall result may be to postpone any further significant slowdown in the 12-month rate of retail price inflation from the current level of 11 to 12 per cent rather to ignite any significant re-acceleration.

The materials and fuel cost index rose by 1.5 per cent in June to 229.5 (1975=100). Nearly two-thirds of the rise reflected the increase in the sterling price of crude oil following the 5¼ per cent fall in the average value of sterling against the dollar. This was partially offset by the initial impact of the reduction in the North Sea oil price.

The rise in the index was less than the main range of City *estimates. This was apparently* because of an underestimation of the favourable impact of the fall in the dollar price of many commodities which could continue to offset some of the weakness of sterling.

The materials and fuel index has now risen by 11.9 per cent in the last six months following a 2 per cent increase in the previous half-year.

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Living standards fall, Back Page 4

Australians buy into Chloride

BY CHRISTINE MOIR AND IAN RODGER

TWO TROUBLED British companies, Chloride Group and Lord Grade's ACC, learned yesterday that they had acquired substantial Australian shareholders.

CRA, a partly-owned subsidiary of the giant Rio Tinto-Zinc group, made its move for Chloride yesterday with a market raid which secured 9 per cent of the equity and topped up its holding to 14.9 per cent.

Mr Robert Holmes à Court, the Australian financier, on the other hand, disclosed a more gradual accumulation to 21 per cent of ACC's non-voting capital.

The two moves throw into prominence recent and pending changes in share-purchase regulations. CRA's deal *just* avoids the City's rules on "dawn raids" for more than 15 per cent of a company.

The Holmes à Court purchases, because they involve non-voting shares, do not need to be disclosed even under the tighter laws on disclosure planned for the Companies Bill.

CRA's move was made through Australian Mining and Smelting, its lead- and zinc-miner and smelter.

In the past three or four weeks it built up a near 6 per cent stake in Chloride, the battery group, which recently announced a collapse into losses of £20.5m and a £17.5m rescue package.

Yesterday those purchases would have had to be disclosed, so Australian Mining took the opportunity of "topping up" its holding through a market raid conducted by brokers Hoare Govett. The shares were bought at 33½p but Chloride's share price *finally settled 3p* up at 30p.

Australian Mining says it will not buy any more of Chloride, and simply wants an investment in a major lead-user to help it keep abreast of new technological developments in lead acid batteries. It sees batteries as the main growth area for lead.

The Australian group intends to seek discussions with Chloride about its holding, but yesterday Chloride would say only that the move was a surprise.

Mr Holmes a Court, a financier with interests in oil exploration, newspapers and broadcasting, made a bid last year for 25 per cent of Rolls-Royce Motors through his Bell group, and disclosed a 5 per cent stake last month in Rugby Portland Cement.

He built up a 5 per cent stake in the ACC non-voting 'A' shares in the past few months through TVW Enterprises, and then an*nounced at the weekend that TVW had acquired a further* per cent for A$4.1m (£2.4m) while Western Mail, another company he partly owns, bought 9.68 per cent for A$4.8m (£2.8m).

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EUROPEAN NEWS

Reports at odds over economic picture in West Germany

BY JONATHAN CARR IN BONN

TWO REPORTS on the West German economy have emerged simultaneously which, in their tone at least, might very well be dealing with two different countries.

On the one hand is the annual survey by the Paris-based Organisation for Economic Co-operation and Development (OECD). It projects an astonishingly large fall in West Germany's current account deficit next year and expects the inflation rate to be less than half the average projected for the whole OECD area in 1982. It also praises the "reasonable" West German trade unions, and warns the Bonn Government not to slash public sector investment projects indiscriminately, despite its budget deficit.

On the other side is the Government's independent council of economic experts, the so-called "five wise men" who have suddenly produced a special report, on the grounds that a serious economic and financial picture calls for one. On some key data they differ little from the OECD or, indeed, from the Government. They see some improvement in the trade performance and agree that the government estimate of a maximum fall in gross national product of 1 per cent in real terms this year is realistic "but not good."

From there on, however, few escape the wise men's ire. The unions are chided for pushing through wage accords which the council feels are too high, the Bundesbank is encouraged to follow an even tougher policy, and the Government is doubly roasted.

The council stresses that it is quite wrong wholly to blame U.S. monetary policy for the high level of interest rates in West Germany. If West German authorities had taken measures earlier to reduce the public sector and current account deficits, then domestic interest rates would be lower than they now were. It is "senseless and irresponsible," says the council, to talk about impending "state bankruptcy" as some have already done. None the less, it points out that, since 1977, the public sector deficit has risen steadily even when the economy was growing strongly. It also warns that, if nothing is done, the whole domestic climate will be affected and the hoped-for economic upswing postponed.

Despite all this, there are signs that some highly influential members of the Government welcome the report. Count Otto Lambsdorff, the Economics Minister, said the document was a "helpful contribution" and stressed there were indeed "unavoidable corrections" to be made on the state expenditure side.

Herr Hans Matthoefer, the Finance Minister, is known to feel that taxes are quite high enough already, implying that he too favours spending cuts, which will almost certainly involve social expenditure. That in turn will mean trouble with parts of the ruling Social Democrat party and perhaps problems in pushing through the necessary legislative changes in Parliament.

The wise men's report — critical though it is of the Government's performance—is thus likely to be useful ammunition for key ministers having to shape future policy.

The OECD is looking at West Germany from the outside, and making economic comparisons which generally emerge clearly in West Germany's favour. The wise men have produced a report important as part of a fierce domestic financial debate which will occupy the Bonn coalition well into the autumn.

AP-DJ adds: Herr Karl Otto Poehl, president of the Bundesbank, was yesterday guardedly optimistic about the future course of the D-Mark in its relation to the U.S. dollar and a possible improvement in the country's deficit-ridden current account that has depressed the West German currency.

"Regardless of this year's deficit, for me it is more important that there is a change in the trend of the current account," Herr Poehl stressed in an interview. He added that if the trend in latest available data should persist, this could indicate a trend change in the current account that may become clearly noticeable by autumn.

Herr Poehl said he also saw the likelihood of declining U.S. interest rates as a result of declining inflation in the U.S., a development that could help the D-Mark as well.

He refused to predict any exchange rates for the D-Mark against the dollar but hoped that if the current account improved, this could reflect positively on exchange rate expectations for the D-Mark.

PERFORMANCE AND FORECASTS
Percentage changes (real)

	1980	1981	1982
Gross national product	+1.8	−1½	+2
Gross fixed investment	+3.7	−5	−1½
Foreign balance			
Exports of goods and services	+5.5	+2½	+8
Imports of goods and services	+5.9	−2	+3½
Consumer prices	+5.4	+5½	+4
Current external balance*	−16	−17	−5½
Unemployment†	3.5	4½	5½

* U.S. $ bn † per cent of total labour force

Source: OECD

Brighter forecast by IMF chief

By Brij Khindaria in Geneva

THE CURRENT ACCOUNT deficits of industrialised countries should fall to $30bn (£15.4bn) this year from $44bn in 1980, because of better export performance and more stable oil prices.

But economic growth rates are expected to be even lower, at 1 per cent this year, than the 1.5 per cent reached in 1980, M Jacques de Larosière, managing director of the International Monetary Fund said in Geneva.

He was addressing the United Nations' Economic and Social Council, which oversees the work of almost all technical agencies in the UN system.

Economic growth is likely to rise to 2 per cent in 1982, partly because of a slowdown in inflation rates from about 13.5 per cent in the first half of 1980 to 10 per cent this year. The slowdown reflects adjustment to oil price increases and tight financial policies in most industrialised countries.

In contrast, the deficits of non-oil-exporting developing countries should reach $100bn in 1981, up from $82bn in 1980 and less than half that level in the previous year.

To make money more available to pay for the deficits, industrialised and developing countries must create more productive investment to increase export earnings, M de Jarosière said. A key requirement is unhindered access to foreign markets to sustain the export drives.

Non-oil developing countries have been remarkably resilient so far and in volume terms managed to increase exports by 8 per cent last year, while imports rose by only 6 per cent.

But because of lower prices for their exports and a consequent decline in foreign exchange earnings, the real cost to them of servicing their foreign debt rose between 1973 and 1980 by 103 per cent, and the real cost of interest payments over the same period increased by 166 per cent.

Debt service payments, which will cover 21 per cent of export earnings in 1981, compared with 17 per cent in 1978, will continue to rise because of high interest rates.

However, IMF estimates show that the current account deficits of developing countries should fall to 18 per cent of total exports of goods and services in 1985, from 21 per cent in 1981.

More IMF resources will be available to borrowers, but only in return for tough internal measures to limit demand and increase output and productivity, M de Jarosiere said. About three-quarters of the Fund's money is now lent on such conditions, as against one-quarter a few years ago.

Among measures taken by the Fund to raise money are a 50 per cent increase to SDR 60m (£36.4m) in its resources based on quota subscriptions by members.

In addition, the Saudi Arabian monetary authority is providing up to SDR 8bn over two years under a separate arrangement, and the Fund has reached agreement to borrow SDR 1.1bn from 13 industrial countries.

It will also borrow from commercial banks, if necessary. Lending rules have been relaxed to allow members to draw up to 450 per cent of their newly-increased quotas over a three-year period.

One result has been that the Fund lent more money—SDR 9.9bn—in the first six months of this year than it did over all of last year, when lending totalled SDR 9.5bn.

The Fund also provides new subsidised loans to help the world's poorest countries and gives special loans to countries which run up deficits because of cereal imports to meet sudden food shortages.

Way paved for 39-hour week in France

By Terry Dodsworth in Paris

THE FRENCH employers' association paved the way for a significant reduction in working hours yesterday when it put up proposals to cut the legally authorised working week from 40 to 39 hours while raising annual holidays to five weeks from four.

Although the employers' scheme leaves several points open to discussion, it was greeted immediately by almost all the unions concerned as a big step forward in their long-running battle to reduce work time.

Talks on a similar plan broke down last Autumn after about two years of negotiations, and the unions have accused the employers recently of trying to sabotage their attempts to re-start negotiations.

The way towards a breakthrough was opened up yesterday by the unions when they abandoned their negotiating demand to set an objective for the 35-hour working week by 1985. This target, will however, remain in view, with the employers promising to take a further look at the situation when the impact of the 39-hour week becomes clearer.

Acceptance of the employers' proposals will depend on further talks on details between companies and the labour movement throughout the country. It is hoped to sign an outline national agreement on July 17, which will be followed by another meeting in the Autumn after the extensive discussions at local level. This will then be completed by a Bill which could be put to the National Assembly in the Autumn.

Several problems remain to be resolved in the discussions over the next few weeks. The most important of these is the way in which the extra week's holiday, increasing everyone's annual complement from four to five weeks, will be spread over the year. It was partly

Almost equally important is the question of overtime work. The unions are agreed on the need to have an annual quota, but in the past have fought hard against the employers' attempts to use these hours in a flexible manner without reference to the work inspectors who control employment conditions in France.

ROME SUSPICIOUS OVER EXCLUSION FROM PRE-MOSCOW TALKS

Carrington bid to calm Italian ire

BY RUPERT CORNWELL IN ROME

LORD CARRINGTON, the British Foreign Secretary, made a previously unscheduled stopover in Rome last night on his way back from Moscow. His brief visit was an attempt to soothe the bruised feelings of the Italian Government at being excluded from the high-level talks in London on Sunday to prepare for his meeting with Mr Andrei Gromyko, the Soviet Foreign Minister.

The Foreign Secretary was to share a working dinner last night with Sig Emilio Colombo, his Italian counterpart, who was not invited to the discussions which Lord Carrington had with his French and West German opposite numbers before departing for Moscow.

The episode has left a sour taste in Rome, which last night's meeting is unlikely to remove entirely. The Italians are particularly irritated—and uncomprehending — because of Britain's insistence on the closeness of their relations and the help Italy gave in resolving last year's bitter dispute over the UK contribution to the European Community budget.

Other worries also lurk in the background. Before the recent French elections, Italy and Britain had come to form a pair, with roughly similar interests, aimed at counterbalancing the so-called "special relationship" which had been forged between France under former President Giscard d'Estaing and West Germany under Chancellor Helmut Schmidt.

The Italians suspect that the British may be trying to turn to their advantage the arrival of a more congenial socialist President in France by creating an informal "directory" of Britain, France and West Germany, the EEC's three biggest powers, to shape Community affairs.

Rome has long had to put up with its exclusion from the "big five" group of powers (the European three plus the U.S. and Japan) which monitors international economic matters. But it has always insisted, if not entirely successfully, that within the Community it should be part of any presumed inner circle of the four biggest EEC countries.

The British Foreign Office was probably surprised by the strength of the reaction in Rome to the leaked news of the three-country talks in London on Sunday. But it is argued privately that endless Italian domestic political crises have made planned consultations with Rome somewhat unpredictable. For example, the visit to London last month of Sig Arnaldo Forlani, the former Prime Minister, was called off at the last moment when his government fell.

There is now word, as yet unconfirmed, that Sig Giovanni Spadolini, the new Prime Minister, will be invited shortly to see Mrs Margaret Thatcher, the UK Premier, as part of the efforts to mend broken fences.

Mr. Andrei Gromyko (left), the Soviet Foreign Minister, at his meeting in Moscow yesterday with Lord Carrington, his British counterpart.

Cardinals will examine Vatican's cash crisis

BY RUPERT CORNWELL IN ROME

A SPECIAL council of 15 Cardinals will meet next Monday and Tuesday in Rome with representatives of the Vatican's own civil service, the Curia, to examine the financial problems of the Holy See.

The Cardinals represent countries in North and Latin America, Europe, Africa and Asia.

The fact that an Italian is not among them suggests that the discussions will aim to re-organise the international finances of the church, known to be heavily dependent on the system of the so-called "Obol of St. Peter", offerings made every year by the world's Roman Catholics to support the activities of the Pontiff, and hence the administration of the Church.

The exact state of the Vatican's finances remains largely a mystery. In November, 1979, after the first consistory, or meeting, of Cardinals in over 400 years on the subject, it was announced that the Church's deficit that year would be L17bn (£9.5bn at the time). Last year, the deficit is believed to have risen to L25bn.

Pope John Paul II's nomination yesterday of the committee is a direct consequence of those talks. Next week's discussions will be presided over by Cardinal Agostino Casaroli, the Vatican's Secretary of State, who, in the Pope's absence in hospital, is the person in effective day-to-day charge of running the Holy See.

Quite how much the "Obol of St Peter" yields every year is a closely-guarded secret, though the figure is understood to fluctuate according to the appeal of particular Popes to Roman Catholics. But even if—as seems likely—it has risen thanks to the charismatic qualities of John Paul II, it has not been enough to enable current expenditure to be covered.

The formation of the new group underlines the distinction, which can be highly confusing, between the enormous wealth of the Roman Catholic Church in terms of property, shareholdings and treasures throughout the world and the difficulties of the Vatican itself.

The Holy See has recently suffered embarrassment and, it is understood, substantial financial losses because of connections with scandals—notably the collapse of the empire of Sig Michele Sindona, the Sicilian financier now in jail in New York.

Red Brigades murder Montedison manager

BY JAMES BUXTON IN ROME

ITALY'S Red Brigades' terrorists have killed one of the four prisoners they have taken in the past 10 weeks. The bullet-riddled body of Sig Giuseppe Taliercio was found early yesterday in the boot of a Fiat 128 outside the petrochemical plant he managed at Marghera, near Venice.

Sig Taliercio, 54, was seized by the terrorists at his home on May 20. Despite a flow of communiqués from his captors, there was no suggestion of opening negotiations with his employers, the Montedison chemical concern.

A few days ago, the Red Brigades announced he had been sentenced to death. He was found with 14 bullet wounds.

Italy's trade union confederations have called a half-hour national strike today in protest

The killing marks a further step in the resurgence of the Red Brigades after several months of quiescence last year following a wave of arrests of left-wing terrorists. In April the authorities captured a leading Red Brigades organiser.

The Red Brigades at present hold captive Sig Ciro Cirillo, responsible for housing in the earthquake-stricken Campania region, who was kidnapped on April 27; Sig Renzo Sandueci, a manager at the Alfa Romeo plant at Arese, near Milan; and Sig Roberto Peci, 25, brother of Sig Patrizio Peci, a leading Red Brigades member turned informer.

Until now, the kidnappings have caused little reaction in Italy, partly because most of the Press has deliberately reduced its coverage of terrorist communiqués and partly because terrorist activities have been overshadowed by the P2 Freemasons' lodge scandal and the Government crisis.

Terrorist actions have had an increasingly numbing effect after the Red Brigades kidnapped and murdered Sig Aldo Moro, a former Prime Minister, in 1978, and after the assassination attempt by a Turkish terrorist on Pope John-Paul II in May.

The authorities are increasingly concerned at their apparent inability to halt the present wave of assaults.

The kidnappings of both the Montedison and Alfa Romeo executives show that not only are the Red Brigades engaged in another assault on Italian industry, but that they may also have infiltrated upper echelons of factory trade union committees.

OECD sees no recovery 'before end-1982'

BY ROBERT MAUTHNER IN PARIS

THE ITALIAN economy is unlikely to recover substantially until the end of 1982, according to the Organisation for Economic Co-operation and Development (OECD). Because of the balance of payments constraint and the high current rate of inflation, any easing of monetary policy before the end of this year would be "quite inappropriate," says its report. Still greater efforts are required to limit the public sector deficit.

The OECD notes that, from the second half of 1978 to the early part of 1980, the Italian economy grew very substantially, well above the OECD area average. Investment picked up and employment rose. But these positive results were accompanied by a deterioration in the current account and the inflation rate.

A current account surplus of $5.2bn in 1979 was followed by a deficit of nearly $10bn in 1980. The forecast for the current year is that the shortfall will be of the same order, and no improvement is expected on the inflation front until 1982.

The 1981 rise in consumer prices is expected to be around 20.5 per cent, dropping to about 17 per cent next year.

The Government's restrictive policies have resulted in a sharp slump in economic activity. Gross domestic product is expected to decline by 0.75 per cent this year, after growing by as much as 4 per cent the previous year. It is expected to increase again in 1982, but only by 1.75 per cent.

Domestic and foreign demand prospects remain unfavourable and domestic demand is unlikely to return to its level of the first half of 1980 until the end of 1982.

The outlook for foreign trade is more uncertain. In spite of the recent depreciation of the lira, export price competitiveness remains poor and could deteriorate again in 1982. But Italian experts nevertheless forecast a revival of exports in 1981 because companies will make a greater effort to look for foreign outlets

The OECD Secretariat says that, in the past, the adjustment of domestic demand has been accompanied by spectacular improvements in the current account balance. But, in the present phase, progress is likely to be slower because of the unfavourable outlook in Italy's main export markets, particularly in Europe.

Anthony Robinson reports on the causes and effects of declining output in the Silesian coalfields

Crisis in mines highlights Polish economic malaise

COAL MINERS at the Manifest Lipcowy mine at Jastrzebie in southern Silesia, close to Poland's border with Czechoslovakia, used to turn out an average of 11,600 tons of high quality coal every day, seven days a week. But this was before the "August revolution" when the Jastrzebie miners followed the example set by shipyard workers in Gdansk and spread the protest movement into Silesia, Poland's industrial heartland.

Since then production has dropped to 9,500 tons a day, five days a week and all of it is taken by the domestic market with none left for export. The pattern at the Manifest mine is typical of mines throughout the region.

Built in the 1970s, the mine, together with its 60 MW heat and power generating plant, looms over the tiny meadows of wild flowers and peasant cottages. Just down the road, a gaunt high-rise housing estate is still under construction in the middle of fields to accommodate the 8,500 workforce and their families. The miners have come from far afield, including a high proportion of first generation workers of peasant origins from such areas as Gdansk, Elblag and Radom.

The influx of workers brought with it a new element of labour militancy which helped to make Jastrzebie an early Solidarity stronghold in Silesia. Before last August there had already been rumblings of discontent in the mining areas after the introduction of the four-shift system of round-the-clock working for seven days a week. This produced plenty of coal, but many miners were obliged to work six 10-hour shifts a week and only had Sundays off at long intervals. It also led to problems with mine maintenance. A rash of sometimes fatal accidents aroused fears that mine safety was being sacrificed at the altar of higher output.

All this led to a growing feeling that miners, ostensibly the object of praise and encouragement, were being exploited by cynical and distant politicians and planners.

At the Manifest Lipcowy mine itself, local party bosses, in tune with the prevailing "propaganda of success," encouraged mine engineers to take short cuts in the mine construction programme. Thus the decision was taken to start mining the more accessible middle seams of coal rather than complete the construction process in a more rational manner. This would have taken another year to complete the mine but would have made subsequent exploitation easier.

According to Solidarity officials at the mine, miners felt they were being called on to make sacrifices not so much for the sake of the Polish economy but to compensate for the ambitions and errors of political bosses and the distant centralised planning authorities in the Silesian capital Katowice and Warsaw itself.

Mr Edward Gierek, the Communist Party first secretary deposed last September, is himself a former Silesian miner. Throughout his decade in power he tried to ensure that miners were well supplied with meat and other food and that Silesia received a major share of new investment.

But even this has rebounded against him in recent months as many major investments, such as the huge integrated steel mill complex at Huta Katowice, have been attacked as "cathedrals in the desert," politically inspired projects lacking in economic rationality. Furthermore it is no longer possible for managers to tempt miners back to working voluntary shifts on Saturdays with the promise of higher pay when there is nothing in the shops to buy with it.

The net result is a catastrophic fall in coal output and exports, and a sharp rise in average production costs. In 1980, despite the strikes, Polish coal production only fell by 8m tons from 201m to 193m tons.

But since the five-day week was introduced on January 1, in line with the Gdansk and Jastrzebie agreements, production has dropped alarmingly. Current output is only just over 160m tons annually, roughly equivalent to domestic consumption in a normal year. But 1981 is not a normal year. Industrial output fell 11 per cent over the first four months, but power consumption did not decline proportionately.

The inefficient use of scarce resources, including coal, is a major factor behind the vicious circle into which the Polish economy has now sunk.

There is now universal awareness of the need for "economic reform" but still no agreement as to what form the "reform" should take. There is no doubt, however, that reform of the price mechanism must be an essential ingredient.

In the specific case of coal, for example, domestic coal prices are now well below half the cost of production. This encourages wasteful use of what used to be Poland's main hard currency earner.

Average costs of production at the Manifest Lipcowy mine have risen from around zloties 1,000 (£13.70) a ton before August to around zloties 1,600 now. But domestic selling prices still range from zloties 550 to 800 a ton. Clearly, for some kind of equilibrium to be achieved, production costs have to fall and prices rise. But Mr Karol Grzywa, the 38-year-old director of Manifest Lipcowy mine, is pessimistic. The 5,600 miners now earn on average 20 per cent more for a 37½-hour five-day week than they formerly received for a six-day, 60-hour week.

An underground miner now earns from zloties 8,000 to 20,000 a month, with average pay at zloties 15,000 (£205) a month. Despite the higher wages, the mine is still short of at least 500 miners and there has been no sign of higher recruitment since pay and conditions improved.

"I could take on another 500 tomorrow, but I could not promise them anywhere to live." Mr Grzywa said despairingly. Housing construction has fallen with the cutback in investment.

But labour shortages and the five-day week are not the only reason for declining coal output. Lack of hard currency and short-time working in Polish mine equipment factories has made it increasingly difficult to obtain spare parts, chains, steel cables and other vital parts. It has also proved impossible to make the relatively small additional investment in underground railway tracks and other equipment needed if productivity is to be raised during the shorter working week now in operation.

A large conveyor at work at one of Poland's coal mines

Malta aims for 7% GDP rise

By Godfrey Grima in Valletta

MALTA IS aiming for a steady growth in its gross domestic product of 7 per cent a year by 1985, under the terms of a five-year economic development plan unveiled at the weekend by Mr Dom Mintoff, the Prime Minister. It is also planning to create 10,000 new jobs.

The plan is intended to consolidate gains made in recent years in the industrial, tourist, agricultural and service fields and is significant in identifying target increases.

Public and private investment is expected to rise by 7 per cent a year to bring about full employment and a further strengthening of the island's balance of payments position. Investment totalled M£81.4m (£105.2m) last year and this is forecast to rise to M£114.2m (£147.5m) by 1985. The number of jobs is set to grow from 119,000 in 1980 to 129,000 in 1985.

The aim is to step up income from Malta's main foreign exchange earners. Manufacturing industry is expected to boost exports by an annual rate of 9.6 per cent from M£148.3m in value in 1980 to M£234.6m

The export of services, including ship-repairing, is planned to earn an extra M£257.2m by the end of the plan period. Ship-repair facilities will be developed further.

Imports of goods and services are scheduled to grow more slowly, at an annual growth rate of 5.5 per cent, but will still rise to M£475.5m.

Swiss economy forecast to slow further

By John Wicks in Zurich

THE SWISS economy will slow further in the next few months, according to the official Commission for Economic Studies. It expects foreign demand for Swiss goods to decline and slower growth in domestic consumption.

New orders to industry could decline slightly and industrial output is also likely to fall a little, though without a noticeable increase in unemployment.

Industrial production was 3 per cent down in the first quarter of 1981 against the corresponding period of last year—the first annual decline since spring, 1979.

The inflation rate (6 per cent in May), will remain high, says the Commission.

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Suzuki loses ground in Tokyo poll

JAPAN'S ruling Liberal Democratic Party (LDP) lost three of its 55 seats in Sunday's local elections in Tokyo, Reuter reports from Tokyo. The voting was Mr Zenko Suzuki's first electoral test since becoming Prime Minister last year.

The LDP, whose strength lies outside the big cities, had hoped to build on its landslide general election victory last year and capture at least 64 seats in the 127-seat Tokyo assembly.

The elections elicited the lightest voter turnout in the history of the Tokyo Assembly —54.2 per cent.

Peking warns U.S.

China warned at the weekend it may be forced to resort to non-peaceful methods to settle the Taiwan problem "against its wish," Tony Walker writes from Peking. The published warning was linked to another over U.S. links with Taiwan, which said that current U.S. policy "can only encourage the Taiwanese authorities to reject peaceful talks and oppose peaceful reunification."

London stopover

Mr Suppiah Dhanabalan, the Singapore Foreign Minister, arrived in London yesterday on his way to New York for the UN conference on Kampuchea which opens on July 13. He is expected to meet Lord Carrington, the British Foreign Secretary.

NTT six held

Six executives of the government-controlled Nippon Telephone and Telegraph Company (NTT) were arrested yesterday for accounting irregularities of $5.7m, AP reports from Tokyo.

Foreign exchange lift

After declining for three successive months, South Korea's foreign exchange holdings rose to $6.18bn in June, the highest in four months, the Finance Ministry said yesterday, AP-DJ reports from Seoul. The June figure was up $522m from May.

Kaunda visit

President Kenneth Kaunda of Zambia begins his first visit to independent Zimbabwe today, AP reports.

Begin asks Dayan to join coalition

BY DAVID LENNON IN TEL AVIV

MR MOSHE DAYAN, one of Israel's most charismatic and controversial politicians, has been plucked back from the edge of political oblivion by Mr Menahem Begin, the Prime Minister, who yesterday asked the former Foreign Minister to join his new coalition.

Mr Dayan, a former Labour Party Defence Minister, who crossed the Knesset floor in 1977 to join the Begin Government as Foreign Minister and then resigned from the Cabinet last year, ran at the head of an independent political party in last Tuesday's general election, and it fared very badly.

But because of the loss of seats by the minor parties who are in the outgoing coalition, even the two seats won by Mr Dayan's Telem Party are regarded as important by the ruling Likud bloc.

Mr Begin believes he can win the support of the 13 Knesset members of the three religious parties in Parliament. This would give him a coalition of exactly 61 seats in the 120-member Knesset. But he also wants the two seats of Telem to give him a slightly bigger edge.

The Premier is hoping to form his new Government by the time the new Knesset is sworn in, probably on July 20 or 21.

It is not certain whether Mr Begin and Mr Dayan will be able to agree on terms for enlarging the coalition. Mr Dayan is asking to be made chief Israeli negotiator in the talks on Palestinian autonomy for the Arabs living in the occupied West Bank and Gaza Strip, which are expected to resume soon with Egypt and the U.S.

Mr Begin yesterday called on Egypt to restart the talks right away.

The Israeli autonomy team has been headed since negotiations started by Dr Yosef Burg, the powerful Interior Minister, who is leader of the National Religious Party, the largest of the minor coalition partners.

One of the NRP Knesset members said that he had been assured by the Premier yesterday that there was no plan to replace Dr Burg in the autonomy talks. However, some Likud politicians said it should be possible to give the autonomy appointment to Mr Dayan.

The former Foreign Minister made the Palestinian autonomy issue the central plank of his election platform. Mr Dayan wants Israel to implement autonomy unilaterally, if the Palestinians continue their refusal to join in the negotiations.

Soviet-Syrian exercises 'warning to Israel'

BY LOUIS FARES IN DAMASCUS

THE JOINT Soviet-Syrian amphibious exercises being held on the coast of Syria are a serious indication of the possibility of Soviet military intervention if Syria comes into conflict with Israel, diplomats said yesterday in Damascus.

The aim of the manoeuvres is largely to convey a warning to Mr Menahem Begin, the Israeli Prime Minister. A treaty of friendship and co-operation between Damascus and Moscow was signed last October.

The Syrian authorities have, however, imposed a total black-out on any information on the size and extent of the manoeuvres.

They also refused to comment on Israeli radio reports of heavy deliveries of weapons by air from the Soviet Union and Libya.

"We are in a war status. You cannot expect us to reveal military secrets," said one Syrian official.

Meanwhile the Syrian Government has shown its anger at the refusal over the weekend of the Lebanese right wing Christian party, the Phalange, to agree to end its links with Israel.

The pan-Arab peace committee trying to end the Lebanese crisis tried at a meeting on Sunday to get the Phalange to publicly renounce its contacts with Israel.

The next meeting of the committee is planned for July 25 but a Syrian spokesman said yesterday that if the Phalange's "dealing with Israel does not come to an end, there will be no reason to have such a meeting."

Jordan's dilemma in U.S. relations

BY ANTHONY McDERMOTT, RECENTLY IN AMMAN

JORDAN'S relations with the United States have undergone some notable fluctuations over the years, but they have rarely been as strained as they are now.

Three recent factors have contributed to this. First, the Israeli attack on June 7 on Iraq's nuclear plant; second, President Reagan's assertion that he could not see how Israel could be regarded as a threat to its neighbours; and third, the announcement by Washington that King Hussein of Jordan, President Sadat of Egypt and Israel's Prime Minister Begin would be visiting.

The first two points have filled Jordan, which on these occasions is a good guide to broad Arab feeling, with a sense of frustration, humiliation and disbelief on a scale almost unequalled since Israel's swift and comprehensive victory in the 1967 war. King Hussein personally resents the last point because he is opposed to any suggestion that he is even dreaming of joining the Egypt-Israel peace talks.

This frustration is most apparent in talks with officials. They argue, for once, with rare unemotional logic. Iraq's intentions they say, were the development of nuclear power for peaceful purposes. Though one information official threw up his hands in horror and asked "Why on earth did Mr Saddam Hussein (of Iraq) ruin things by later calling for help to build the bomb?"

Israel's attack, they argue, violated the sovereignty of Iraq and the airspace of Saudi Arabia. It was carried out by advanced weapons supplied by the U.S. and in violation of U.S. law. When Turkey used American weapons during its invasion of Cyprus in 1974, arms were for several years cut off.

Officials wonder too how the U.S. with its advanced surveillance techniques could not have known about Israeli intentions, particularly as it has been made known that Israeli aircraft had been practising on the replica of the nuclear plant for six months.

Finally, they do not believe Israel would have undertaken the raid without the presence in Washington of a powerful lobby to defuse or neutralise official American reactions. In short, as one official put it, "we are shattered and frustrated."

The fact is that Jordan's dilemma remains unchanged. In spite of King Hussein's visit to Moscow in late May and in spite of a complicated (and ultimately rejected) offer by Libya to finance the purchase of Soviet arms, Jordan has little room for manoeuvre away from the West in general and the U.S. in particular.

Figures indicate this clearly. U.S. loans between 1952 and 1976 totalled $135.3m and in the past four years $177.4m. Grants over the same periods totalled $920.5m and $175m. Military assistance between 1950 and 1980 reached $1.5bn.

This dependence is changing with increased Saudi and Iraqi aid but not enough to enable Jordan to turn completely away from the U.S. It is thus not surprising that after the Israeli raid on June 7 King Hussein wrote (and had published simultaneously in the newspapers) a strong personal letter to Mr Reagan in which he said "this Arab world, which has sincerely sought to establish friendly relations with the U.S., based on mutual respect, can only today feel a sense of futility and disillusionment."

India starts talks on 'substantial' IMF loan

By K. K. Sharma in New Delhi

THE INDIAN Government has begun what officials describe as "exploratory talks" with the International Monetary Fund (IMF) on what will probably be the largest loan the country has taken from the institution.

Various credit facilities of the IMF are to be tapped for the loan.

The size of the loan has not been decided, but India has a total entitlement of 7,800m Special Drawing Rights ($8.9m). While the loan is expected to be much less than the settlement, it will be "substantial," enabling the country to overcome its current balance of payments problems. Last year India raised about $1bn from the IMF.

The problems arise mainly from the rising balance of trade gap which is estimated at a record Rs 54bn (£3bn) in 1980-1981. This is more than double that in the previous year and has led to a steady erosion of foreign exchange reserves.

The reserves are still fairly comfortable at about Rs 44bn but they have been dropping at the rate of more than Rs 1bn a month for the past year or so. They were bolstered by loans from the IMF trust fund and its compensatory financing facility last year.

Apart from the balance of payments problems, which are mainly due to the high cost of imported crude oil, petroleum products and fertilisers, India has yet to find Rs 50bn abroad to fund its sixth five-year development plan which is now in its second year.

This gap is to be filled by borrowings from a number of sources abroad. These include the IMF and loans from the international capital markets as well as quasi commercial lending institutions such as the International Finance Corporation, the World Bank affiliate.

Foreign Minister to visit Moscow

INDIA'S Foreign Minister, Mr P. V. Narasimha Rao, is to visit Moscow this month both to press the Soviet Union to reach an early political settlement on Afghanistan and to assure them that Indo-Soviet ties remain undiluted by India's recent agreement with China on easing the border dispute between them, writes K. K. Sharma in New Delhi.

NZ-Commonwealth link 'under threat'

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND opposition Labour leader Mr Bill Rowling said yesterday Prime Minister Robert Muldoon might try to take the country out of the Commonwealth over a controversial rugby tour by South Africa.

Mr Rowling was responding to a nationwide address by the Prime Minister who said to stop the tour would be to deny sportsmen a fundamental freedom. The South Africans are due in New Zealand in two weeks.

Mr Muldoon last night made a dramatic television and radio appeal to the New Zealand Rugby Union to think carefully of the consequences of the proposed South African rugby Springbok tour.

He was speaking after weekend demonstrations in the country's main cities by tens of thousands of anti-tour protesters.

He did not tell the rugby union to cancel the tour. To do so would take away a fundamental freedom, he said. But he did stress the international repercussions and the problems the proposed tour is causing.

"Think well before you make your final decision," he said.

He added that New Zealand and South Africa fought together against "a monstrous tyranny in World War II."

Mr Rowling said the Prime Minister's remarks allied New Zealand with South Africa rather than with the Commonwealth. "I am now convinced the Prime Minister may attempt to take New Zealand out of the Commonwealth over the tour issue," he said.

The Prime Minister defended New Zealand's interpretations of the Gleneagles agreement saying this put the final decision on to sports bodies. Te Government could only persuade.

Hong Kong bolts doors as storm 'Lynn' looms

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG put up the shutters yesterday as storm warning number eight was hoisted in the face of tropical storm Lynn.

Banks, stock, gold and silver and commodity markets, government offices and schools were all closed and ferries linking Hong Kong Island with Kowloon and outlying islands stopped running. Other transport services were disrupted as Lynn neared the south China coast.

The U.S. carrier Midway put to sea late on Sunday rather than be caught in the confined space of Victoria Harbour. So hurried was the departure that 200 sailors were left on shore unable to reach the vessel before sailing time.

Throughout the day Hong Kong was beaten by strong winds reaching more than 55 knots. But in the middle of the South China Sea storm Lynn unexpectedly slowed from 14 knots to about 5 knots.

Iran regional leader killed

BY TERRY POVEY IN TEHRAN

THE governor general of one of Iran's northern provinces was killed yesterday in the latest terrorist attack on officials of the ruling fundamentalist party.

The deputy governor of the province, Gilan, which lies along the Caspian coast, was reported critically injured in the same incident.

Also yesterday a further 27 executions were announced—the highest daily total since the dismissal of Mr Abolhassan Bani-Sadr from the presidency three weeks ago. All 27 were opponents of the regime, 19 of them members of the People's Mojahedin Organisation, six of them leftists and one a member of the Kurdish Democratic Party.

Among a large group of 90 Mojahedin members arrested several days ago, 60 have been sentenced to prison terms ranging from life to five years for anti-regime activities. These are the first prison sentences to be announced since the wave of executions and arrests began in late June.

AMERICAN NEWS

U.S. steel modernisation 'too slow', industry says

BY IAN HARGREAVES IN NEW YORK

U.S. steel companies have stepped up their rate of modernisation this year, but are still spending less than half the amount the industry believes necessary to keep pace with Japanese and other leading steel producers.

The American Iron and Steel Institute, in a report reviewing progress in the year since it published a strategy document calling for an overhaul of Government policy towards the industry, says big strides have been made in improving both the image and the finances of the industry.

Since Mr Reagan was elected President last November, the industry has announced plans worth about $3.5bn (£1.8bn) for a wide range of modernisation programmes.

These include the installation of several continuous casting lines—a process which saves energy and reduces waste. When they are complete 25 per cent of the industry's steel will be continuously cast. This compares with 20.1 per cent at present, but is only half the level of continuous casting in Japan.

In terms of current capital expenditure, the industry is also still lagging behind its targets. The institute's strategy document called for spending of $7bn a year in 1978 dollars. This year, expenditures of $3.4bn are planned, a decline in real terms from the $3.3bn spent in both 1980 and 1979.

The report notes plans for 13 new continuous casters, two tube mills and several plans to modernise or replace coke ovens. About half the industry's coke-oven capacity is estimated to be in need of replacement.

In spite of these problems, the report takes an optimistic line about the state of the industry's finances. It says that by exploiting unconventional methods of financing, such as leasing, and selling surplus assets, steelmakers actually increased their generation of funds last year.

In 1980, the Institute estimates total industry-generated funds at $4bn, up from $3bn in 1979, in spite of the fact that the industry's capacity utilisation dropped from 87.8 per cent to 72.8 per cent. The current operating rate is just over 80 per cent and declining in response to a slightly weakening economy.

These confident financial points have to be set against the fact that some of the assets sold to improve liquidity, such as coal reserves, are of great long-term value. The industry also saw its collective balance sheet deteriorate last year, with a debt-equity ratio up to 49 per cent from 48.3 per cent in 1979.

The report expresses satisfaction at the improved political climate for the industry.

In the trade area, the report applauds the tougher stance taken recently on the trigger price system to control levels of imported steel. But, with a major test case before the Commerce Department which could allow some European steel into the U.S. at below the trigger price, the report continues to urge greater efforts by the Administration.

Steel imports claimed 18.7 per cent of the U.S. market in May, the largest share for several months.

Brazil cuts trade deficit to $442m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRAZIL HAD a trade surplus of $21m in May, its first monthly surplus this year. This brought the accumulated deficit for the first five months to $442m (£228m) — less than a quarter of the $1.82bn deficit registered in the same period last year.

President Figueinedo

The latest Brazilian economic data also show that inflation is easing. The frequently-quoted Getulio Vargas Foundation estimates that year-on-year price rises in June slipped to 117.3 per cent from 120.2 per cent in May.

Both the lower price rises and the smaller trade deficit reflect the sharply restrictive domestic economic policy followed by President Figueiredo's Government. This is showing signs of producing the desired effect, albeit at the cost of a slump in industrial production which fell 0.2 per cent in the first four months of this year.

Imports actually fell 0.2 per cent in value in the first five months due mainly to a stabilisation in oil imports at around 750,000 barrels a day, while exports rose 18.4 per cent as manufacturing industry reaped the benefit of Brazil's very aggressive export credit policy.

This has helped to offset the effect of weaker prices for some traditional exports, notably coffee, but despite the improvement in visible trade, international bankers say that the high interest burden on Brazil's foreign debt will still leave the current account balance of payments in heavy deficit this year.

Financing this deficit has been much easier this year than last. Brazil is understood to have raised almost $10bn in international finance in the first half of this year compared with requirements of around $14bn for the year as a whole.

In view of this steady flow the central bank is pressing for terms on Brazilian Euromarket borrowings to be made easier for the first time in 18 months.

Seaga to sign refinancing pact

BY CANUTE JAMES IN KINGSTON

JAMAICA and a consortium of North American and European banks today will sign an agreement to refinance US$103m (£54.2m) of the island's debt.

The Jamaican Government and the banks will also sign a $70m Eurocredit which will provide bridging finance for the island's economy while it awaits inflows from about $1bn in foreign financial assistance

The island's debt to the banks is about $500m, and the refinancing agreement, to be signed in New York by Mr Edward Seaga, the island's Prime Minister and Finance Minister, will delay payments on debts which are due over the next two years.

The agreement by a steering committee of eight banks, led by Citibank, is worth in actual terms about $150m to Jamaica for the current fiscal year.

It will significantly ease the island's debt-servicing burden, which Finance Ministry officials say eats up just over a half of annual foreign earnings of about $700m.

The other banks involved in the agreement are Royal Bank of Canada, First National Chicago, Credit Lyonnais, Chase Manhattan, Bank of Tokyo, Bank of Nova Scotia, and Bank of America. They are acting on behalf of about 100 other banks

The deferred payments agreement has been made possible by the pact signed earlier this year between Mr Seaga's Government and the International Monetary Fund for three-year credits totalling $650m.

Argentine oil company 'may owe $6bn'

BY OUR LATIN AMERICAN STAFF

YACIMIENTOS Petroliferos Fiscales (YPF), the state oil company of Argentina, might have debts of $6bn (£3.1bn), its president, Gen. Guillermo Sparez Mason, has said in Buenos Aires.

The company had been hit by the fall of the Argentine peso, domestic oil prices had not been increased sufficiently, and the state had taken too much money out of the company, he declared. He denied reports that the company would be sold to private investors.

Meanwhile, Dr. Humberto Calderon Berti, Venezuela's Energy Minister, told businessmen in Maturin, Venezuela, that oil exporters were pricing themselves out of the market.

"Violent price increases such as the 1973 and 1979 rises provide an incentive for consumers to seek alternative energy sources," he added. "We need a predictable price system to provide incentives for the continued use of oil."

The demand for residual fuel oil had dropped 30 per cent in the first quarter of the year in the U.S., Venezuela's principal market. Residual fuel oil was now more than three times dearer than coal or nuclear energy.

Dr. Calderon added that Venezuela would press for the unification of prices at the December meeting of the Organisation of Petroleum Exporting Countries, based on a marker price of $36 a barrel.

Futures market curb eased for S and Ls

By David Lascelles in New York

FEDERAL regulators have decided to allow many of the country's savings and loan institutions to make full use of interest rate futures. The move is expected to boost the budding financial futures market and provide much-needed aid to the ailing home loan industry.

The decision comes as Congress is debating other ways to help the S and Ls compete for the small investors' dollars. These institutions, which perform much the same role as building societies in Britain, have been badly hit by the turbulence of U.S. financial markets this year, particularly because they lend at fixed interest rates.

The Federal Home Loan Bank Board has ruled that from this Friday some 4,000 federally regulated S and Ls may hedge all of their assets in the futures market. Previously they were limited to hedging only 5 per cent.

Interest rate futures offer financial institutions a relatively inexpensive way of hedging their financial exposure against changes in interest rates. Though less than 10 years old, they are now widely used by banks and even pension funds. But they have been viewed as a risky novelty in some circles, including the home loan industry, which is unadventurous by nature.

The S and Ls will still be subject to some restrictions in the use they make of these instruments. And it may be some time before they fully understand the opportunities open to them.

At the same time, committees in both Houses of Congress have agreed on legislation to authorise a new form of tax-exempt savings certificate which should enable the S and Ls to offer more attractive rates to depositors than commercial banks. The certificates would pay 70 per cent of the yield on one-year Treasury bills, but savers would be allowed $1,000 of tax-free interest income ($2,000 for married couples).

Trudeau's NDP ally comes under party fire

THE NATIONAL leader of Canada's New Democratic Party Mr Edward Broadbent has received only 63 per cent support at the party's annual conventiin in Vancouver for his stand in favour of the constitutional package proposal by Mr Pierre Trudeau, the Liberal Prime Minister.

The NDP, third-largest party in Canada, has ben divided on the isue, with western members opposing the package in the interests of provincial powers.

Mr Alan Blakeney, Premier of Saskatchewan, led the fight against Mr Broadbent on the convention floor. The Premier and his provincial Attorney-General, Mr Roy Romanov, later told reporters that Saskatchewan would continue to fight against the federal package and would take its objections to Westminster if the Supreme Court of Canada upholds the constitutional plan.

The court has broken up for the summer recess, but may reconvene this month to deliver its ruling on the legality of Mr Trudeau's plan to abolish Westminster's right to make certain fundamental amendments to the constitution.

WORLD TRADE NEWS

Japan 'wants to increase imports'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

MR ROKUSUKE TANAKA, Japan's Minister of International Trade and Industry, is expected to issue a statement next week calling for an increase in Japan's imports of finished goods from the EEC, the U.S. and other industrial countries.

The statement, due to be endorsed by the Cabinet, forms part of a series of measures designed to reduce tensions between Japan and its industrialised trading partners.

Japan's manufactured goods imports accounted for 26.7 per cent of its total imports in 1978, but only 22.8 per cent in 1980. These tactics are low compared with the manufactured goods imports ratios of most western industrial countries.

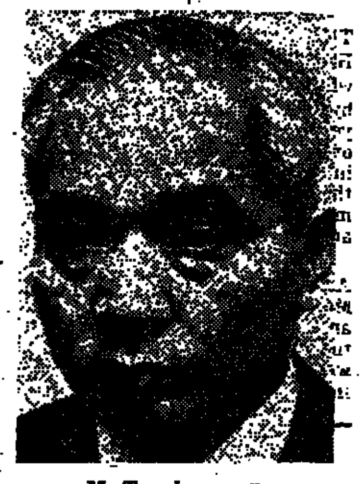
Japan's very heavy dependence on imported raw materials (including crude oil) is usually cited as the main reason for the difference, but some western nations complain that Japan has a "low propensity" for importing manufactured goods.

As far as the EEC is concerned, the low ratio of finished goods imports in Japan's total imports is not the only problem. The Community has also been losing its share of Japan's finished goods market to other industrial nations. It held 24.7 per cent of the market in 1978 but only 21.1 per cent in 1980. The beneficiaries included East Asian industrial nations.

The EEC's loss of its Japanese market share, combined with the overall decline in Japan's manufactured goods imports as a percentage of total imports, meant that manufactured goods from the Community accounted for only 4.8 per cent of Japan's total imports last year, compared with 6.59 per cent in 1978.

These figures go a long way to explain the deterioration in EEC-Japan trade relations which was in evidence last month when both Mr Tanaka and Japanese Prime Minister Zenko Suzuki visited Western Europe.

Japanese officials are aware that a mere "statement of intent" to increase Japan's manufactured goods imports will not be enough to reduce current tensions.



Mr Tanaka . . . an announcement soon

Tokyo compromise in Moscow pipe talks

BY RICHARD C. HANSON IN TOKYO

JAPANESE steel companies, in a last ditch attempt to seal a crucial 750,000 tonne ($400m) large diameter pipe deal with the Soviet Union, are offering partial compromise on interest rates in meetings this week in Moscow.

The Soviet Union appears to have gained the upper hand in the prolonged negotiations. If the two sides fail to agree, the four Japanese companies involved, led by Nippon Steel, will be forced to adjust production schedules this quarter, leaving about half the large steel pipe producing capacity idle.

About 60 per cent of Japan's large steel pipe exports are to the Soviet Union. The current talks have been stalled on the question of interest rates.

Under a basic agreement reached earlier, Japan was to ship 750,000 tonnes of large diameter pipe by the end of March 1982 (the end of Japan's fiscal year). These negotiations are separate from deadlocked talks on a Japanese role in the West Siberian-European Yamburg natural gas pipelines.

The steel pipe negotiations now going on in Moscow are expected to hinge on an offer brought to Moscow over the weekend by a Nippon Steel executive.

An important twist in the talks came in June when the Export and Import Bank of Japan again refused a Russian demand for financing below rates prescribed by the OECD's gentlemen's agreement (currently in Russia's case, 8 per cent per annum, for up to five years).

With direct Exim Bank funding out of the question the Japanese companies appear to have put together a package which will lower the interest rates offered, bringing them closer to those the Russians claim have been won from West Germany and Italy for similar pipe sales.

The Japanese most likely will be offering an interest rate of about 7.75 per cent for up to 10 years.

The financing will make use of Exim Bank yen suppliers credits made to the companies involved at commercial rates, (8 per cent or above). The companies in turn are pressing the Russians to accept a higher contract price for the pipe to make up for the gap in interest rates.

UK companies win £5m Iraq order

By Lynton McLain, Transport Correspondent

A CONSORTIUM of British companies, including Thos. W. Ward (Railway Engineers) of Nottingham, has won a £5m order from Iraq for railway trackwork equipment.

The order is the largest export contract for rail switches and crossings ever placed with the UK rail equipment industry, Thos. W. Ward said yesterday.

Potential orders for a further £25m worth of switches and crossings for Iraq are being followed up by the company in the face of competition from West German and Japanese suppliers.

The equipment is for the modernisation and extension of the railways of Iraq. Further orders for a wide range of rail equipment, worth up to £1bn over the next five or six years, are also expected to be placed with world rail equipment companies by the Iraq Republic Railways Organisation for a railway linking Baghdad with Basra.

The latest order won by Ward is expected to provide work for 600 at Ward's Nottingham factories at Sandiacre and Meadowbank up to December next year.

The company won the order in partnership with Railway Mine and Plantation Equipment, a London-based company which acted as Ward's agent in Iraq.

The two companies won the order with a new design of rail "turnout," the technical name for switch and crossing equipment.

This was developed by Thos. W. Ward (Railway Engineers) in collaboration with the Iraq Republic Railways Organisation, and, as a separate project, with British Rail.

The first batch of 35 turnouts will be shipped to Iraq in six months time. Further shipments will be shipped at a rate of 35 turnouts a month until the full order for 500 turnouts is completed.

Exports of whisky 'will grow'

BY GARETH GRIFFITHS

SCOTCH whisky exports are forecast to grow by an average 3½ per cent a year during the next decade with the main growth concentrated in Europe and developing countries in Latin America and Asia.

The forecast is made in a study of the industry by the leading Scotch whisky analysts, stockbrokers Wood Mackenzie. It suggests that the home market, Australia, Japan and Canada are unpromising markets for Scotch.

Wood Mackenzie point out, for example, that reduced exports to Japan last year, down 2 per cent in volume, were due to reduced demand rather than destocking.

The report is pessimistic about the prospects of Scotch in the U.S. The U.S. now accounts for 27 per cent of total exports and Wood Mackenzie suggests the percentage will fall still further.

Spirits consumption in the U.S. per capita has stabilised over the past decade, and growth in the U.S. spirits industry has been provided by an increase in population. At the same time consumption on the Eastern seaboard, the bastion of Scotch exports, has been falling.

The report believes the growth in demand for Scotch will come from the premium or more expensive end of the market and from the cheaper bulk brands. But it also says the reputation of Scotch has been undermined by the many cheap and dubious quality bulk imported brands on offer.

Wood Mackenzie looks in detail at the position of the Distillers Company and says the company's share of the world Scotch whisky market has fallen from 46 per cent in 1977 to 42 per cent at present, and is set to fall still further to 40 per cent by 1984.

One of DCL's main problems is the lack of a range of cheap brands and the tired image of its brand portfolio. DCL's promotions and advertising have changed little over the years and the company has not promoted secondary brands as vigorously as it might have done, the report argues.

U.S., France in brewing link-up

PARIS — Anheuser-Busch, the U.S. brewing group, has signed an agreement with Societé Européenne de Brasseries, the French brewery, under which the French concern will produce and market one of Anheuser-Busch's leading brands of beer.

The beer, to be sold under the Busch trade mark, will be sold throughout France. The product is being test-marketed in Tours.

The French company, a unit of the BSN Gervais Danone food and glass group, will brew and bottle the beer at its brewery at Rennes, north-west France. Societé Européenne de Brasseries is France's second-biggest brewery, producing 6m hectolitres of beer and aerated beverages annually.

Anheuser-Busch, best known as the producer of Budweiser beer in the U.S., recently launched a sales drive for an American-style beer in the highly-competitive West Berlin beer market.

The beer is being test marketed in Berlin until the end of this year and costs almost twice as much as ordinary German beer. It is going for the same market as exclusive Königspilsner and Pilsner Urquell.

Agencies

ADB in $88m Indonesian loan

BY DAVID DODWELL

THE Asian Development Bank (ADB) has announced its largest ever loan — £87.7m (£41.7m) for a water-control, power and irrigation project in Indonesia.

The loan, drawn from ordinary capital resources, is repayable over 25 years, with a five-year grace period and an interest rate of 9.25 per cent.

The project, at Wadaslintang in central Java, covers 30,000 hectares and is likely to benefit almost 90,000 farmers and their families.

It includes a rockfilled dam for irrigation, hydropower, flood control and water supply, and a 16MW generating plant. Due to be completed in 1986, officials claim that the project will almost treble the annual farm family income to $520.

The ADB has also announced a $55m concessional loan to Pakistan for additional power generating capacity at the Pipri project, near Karachi. It follows a $35m loan for the same project at the end of 1978.

This loan will meet 40 per cent of the foreign exchange cost of a $289m project to build a second 200MW gas/oil turbine plant at the Pipri site and provide transmission lines to link the plant with the Karachi grid.

The rest of the foreign currency needed for the project is expected to come from the Saudi Fund for Development with $151m in local currency costs being met by the Karachi Electric Supply Corporation.

Oil price confrontation aggravates Mexico's economic headaches

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN oil miracle is beginning to turn sour, with the spectre of economic crisis now being conjured up.

The $4 a barrel reduction in Mexico's oil prices in June to $30.60 for benchmark crude coupled with the dramatic cut back in orders by clients, has cast a dark cloud over Mexico's hitherto bright horizon. Revenue losses are estimated at several billion dollars a year.

Comparisons are now beginning to be drawn with the traumatic state of affairs in 1976 when the peso was devalued by 45 per cent.

Mexico's oil clients have reduced their contracted purchases by a total of 550,000 barrels per day over one third of total oil exports—and unless this amount is sold elsewhere, Mexico, currently the world's fourth largest oil producer, will have to turn down its oil valves.

Pemex, the state oil concern, is desperately trying to increase its oil prices by $2 a barrel, but clients are putting up fierce resistance. The matter has assumed domestic political importance with the resignation of Sr Jorge Diaz Serrano, Pemex chairman, following the price row.

Several U.S. oil companies, including Exxon (which alone takes 175,000 b/d), France, India, Yugoslavia, Sweden and the Philippines have suspended purchases for the third quarter.

The 100,000 b/d cutback by the Compagnie Francaise des Petroles has provoked the Mexican government to take retaliatory action. French participation in several development projects will be suspended, according to the industry ministry.

Even before the oil price issue, serious questions were being raised about the way in which Mexico's booming economy was developing.

President Jose Lopez Portillo spoke before the price cut of a "devaluation psychosis," but stated firmly that a devaluation would make no sense, only fanning inflation and punishing savers.

The price cut has focused attention on several striking resemblances between today and 1976. The revenue drop has also reduced the Government's leverage to deal with mounting problems.

Inflation is running at 30 per cent; imports are rising far in excess of exports; the peso is overvalued; the pubic sector deficit is chronic (far greater than the targeted $13bn); foreign borrowing is increasing and, as in 1976, all this is taking place against the delicate background of the Presidential succession.

Mexico's stock exchange index plunged 102.42 points last week to its lowest level in 30 months, private industry too is talking about cutting investment plans. In short, Mexico is suddenly seen to be consuming too much and producing too little.

There is one enormous difference with 1976; Mexico is now a major oil producer. It is thus in a much stronger position to confront problems.

But as the price cut issue is painfully emphasising, oil is not the panacea it was first cracked up to be by the Government. Indeed it can be argued that the situation is potentially more serious than in 1976. Expectations are now much higher.

Mexican economists and foreign bankers no longer flamboyantly optimistic, are now affecting a brave smile. One top U.S. bank last week sent in its country risk man for the first time in a long while.

Mexico was the world's heaviest borrower on the Eurocredit market in the first half of 1981. Foreign banks have a total exposure estimated at $50bn.

Industry Minister, Sr Jose Andres Oteyza has, on at least two occasions, asked the U.S. ambassador to Mexico what Washington can do to help its struggling southern neighbour. The ambassador has had to say that Washington cannot make U.S. oil companies buy Mexican crude.

Severe import restrictions, imposed at the end of June in a bid to stem the alarming rate at which the current account deficit is growing, indicate that the Government has already started to tighten its belt.

Over 85 per cent of the value of imports is now subject to import licences, compared with 60 per cent in January. A stronger protectionist mood is gripping the country.

Imports shot up by 60 per cent over last year, but exports lagged behind. With reduced oil income, and declining non-oil exports (oil accounts for some 75 per cent of merchandise exports) there will now be less foreign exchange to meet the bill.

Before the oil price drop, observers were forecasting a substantial current account deficit on present performance of around $11bn—far in excess of last year's record $6.6bn.

Mexico will this year have to borrow much more than the $5bn originally scheduled to finance the deficit.

If the fall in oil income takes the gloss off Mexico's excellent international credit rating, as it may well do, Mexico will have to pay more for its borrowings. This would tighten the screws on the economy further.

Despite these headaches, the Government is still resisting pressure to trim targeted GNP growth from eight per cent. The Government fears that social tensions will intensify if growth is reduced.

These new economic problems take place during a highly political year. President Lopez Portillo will name the official presidential candidate. The Finance, Commerce, Planning and Labour ministers are all runnig hard for the job and none of them wants to ruin his chances by taking unpopular decisions.

Meanwhile, the creeping devaluation of the Peso is now being watched much more intensely. Since January the Central Bank has allowed the Peso to slip by just under 1 per cent a month against the dollar. The aim is to allow the Peso to fall over the whole year by 10-12 per cent.

In the wake of the oil price cut, the Central Bank may allow the Peso to fall further, according to bankers. So far, there have been no clear signs whether or not this will happen.

The Government is determined to avoid a devaluation like that in 1976. The Central Bank with reserves estimated in June at $10bn, can defend the Peso is necessary. Nobody is prepared to say how far the defence will go.

France anxious to salvage $1bn in export business

BY OUR MEXICO CITY CORRESPONDENT

M Claude Cheysson, the French Foreign Minister, will meet Mexico's Ambassador to France in Paris today to try to salvage the more than $1bn of business which French companies could lose if France does not continue to take Mexican oil.

Mexico had taken retaliatory action against France over the decision by the Compagnie Francaise de Petroles (CFP) to suspend its contract for 100,000 barrels a day for the third quarter.

There is considerable confusion over where the axe will fall if Mexico implements its threat. The Government is staying tight-lipped over the matter until after today's meeting.

CFP resisted Mexico's attempts to restore its oil price by $2 a barrel. In June Mexico cut its prices by $4 a barrel because of the world oil glut.

The Mexican Government is not saying why France has been singled out for punishment. Sweden, India, the Philippines, Yugoslavia and several U.S. oil companies have also suspended their supplies of Mexican crude.

The move against France has raised a question over whether Mexico will now wield the oil weapon against other oil clients. Mexico's oil exports have dropped by an estimated 550,000 barrels a day, presenting the country with a severe shortfall in oil revenue.

France's total cumulative investment in Mexico was put at $82m at the end of 1979 by the Mexican Industry Ministry. This represented only 1.2 per cent of total foreign investment.

According to the Mexican Foreign Trade Institute, Mexico's exports to France last year were $271.8m (mainly oil) and its imports from France $516.3m.

If Mexico does get tough, the main areas where French interest will be affected are:

- Nuclear energy. Mexico's highly ambitions nuclear power generation plan, if cut back, will hit Framatome of France, which is pushing the virtues of its pressure water systems.
- Steel. Creusot Loire is building a joint venture with Sidermex, the Mexican holding company, for the state steel sector, and hopes to supply equipment to the second stage of the Sicartsa plant.
- Cars. Renault, France's largest single investment in Mexico, recently had its expansion plans approved to build a new engine plant, but it has not yet started construction;
- Underground rail systems. Sofretu is providing the basic engineering for several lines now being constructed in Mexico City and hopes to be involved in a plan to build a Metro in Monterrey in northern Mexico; and,
- Aviation. France's Societe Nationale Industrielle Aerostatiale (SNIA) is hoping there will be a market for four of its Airbuses in Mexico.

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Hammersmith accused of bad management

BY GARETH GRIFFITHS

THE LONDON Borough of Hammersmith and Fulham, which raised its domestic rates by 53.6 per cent earlier this year, was criticised yesterday over its financial management, including serious deficiencies in the way it draws up its estimates and conducts internal auditing.

These criticisms are made by Arthur Young McClelland Moores management consultants, who were brought in by the council to conduct a three-week examination of its spending. The report identifies potential savings of £1.5m, equal to a 4.5p cut in the rates.

The report says £532,000 could be saved in the 1981/82 estimates because of double counting for inflation adjustments by the finance department. There was no consistent evidence that estimates were subject to a thorough review and that cash limits used by the council were based on doubtful information.

The management consultants level their strongest criticism at the internal auditing system.

"During the course of our review several adverse comments were made by other departments concerning the quality of work done by the internal audit group," the report says.

It finds that the total cost of the internal and external audit of about £300,000 is "substantially in excess of comparable commercial organisations and presents an opportunity for significant savings." The report suggests the cost could be cut by £100,000 a year.

Other areas of concern are the lack of real controls on manpower planning because of the absence of an agreed redundancy policy and the way in which the council sets national staffing levels in departments.

Management information at Hammersmith and Fulham did not identify costings to the extent necessary to keep adequate control and in staffing matters "real financial control becomes illusory," says the report.

Criticism of the internal auditing could lead to calls for the use of private accountants. The Department of the Environment wants to encourage this trend and push up the 25 or so councils that use private sector firms for auditing.

Mr David Clark, chairman of the council's finance committee, welcomed the report last night and said the finance department would be watched carefully in the future.

Hammersmith and Fulham has had a hung council for the past three years and this year's budget is about £36m. Identified as an overspending council by the Department of Environment, it has recently cut planned spending for 1981/82 by £1.3m.

Law changes will create a new class of criminal

Richard Lambert examines the implications of proposed amendments to the Companies Bill

WITH LITTLE publicity and in double quick time, important changes are being planned in UK company law. New clauses will be introduced today in the form of amendments to the Companies Bill, which has already reached the committee stage in the House of Commons. If the clauses are approved, they will have significant bearing on the future relationship between companies and their shareholders.

Among other things, the legislation will create a new class of criminal — someone who acts with others to buy a large shareholding in a company without disclosing the fact. Offenders will be liable to an unlimited fine and/or up to two years behind bards and will also risk having restrictions put on their shares.

Until less than four months ago it seemed that the Government had set its face against such legislation, which was said to be too difficult to define and enforce.

This concern is borne out to some extent by the length and complexity of the clauses which are now being debated. Yet short of some parliamentary accident, they are likely to become law early next year.

Company secretaries, investment advisers, and would-be share raiders had better get out their ice packs.

There are three main strands to the proposed legislation, and they are all tied to the existing requirement that an investor who buys more than 5 per cent of the voting shares of a public company must immediately disclose the fact.

The first strand deals with so-called concert parties—groups of investors who act together to buy shares under separate names so that they effectively control a holding of more than 5 per cent, whether or not taken individually they would be large enough to require disclosure.

A notorious example occurred at the end of 1979, when De Beers started to build a big shareholding in Consolidated Gold Fields. In a subsequent report, Department of Trade inspectors said they were satisfied that De Beers had laid its plans with the express intention of avoiding the disclosure provisions of the Companies Acts.

Under the proposed law, a concert party must involve an agreement to acquire shares. No-one wants to stop groups of investors banding together for other reasons—for example, to sling out an incompetent board of directors. The agreements must also involve mutuality in the plans of those involved. In other words, the law will not restrict an investment adviser who tells a client to buy ICI shares because he thinks they are a good thing.

Among others excluded from the proposals are nominees who have no influence on the shares held in their name, and various financial institutions—including stockbrokers carrying on business in the UK—who find themselves holding shares as security for a transaction.

This apart, a group of investors, which plans to increase its shareholding in a public company to more than 5 per cent will be treated as a single individual. This means that within five days of the purchase which takes it above the magic number, it will have to disclose the fact in writing—stating the number of shares held, and specifying the actual shares involved.

The legislation has been designed to catch a Mr Big who sits in the middle of a web of investors, none of whom might know what the others are up to. Each member of the group is obliged to tell the other members what he is doing.

The next main strand of legislation is what might be called the "self-help" clauses. If approved these clauses will significantly increase the powers of a company which wants to find out for itself who owns its shares.

Companies already have the right to ask registered shareholders whether they are the beneficial owners of the shares in question. The idea now is that they will also be able to approach anyone who they think has had an interest in their shares during the previous three years. If the shares have been sold, the company can ask who bought them.

Companies can also ask shareholders whether they are involved in a concert party or "any agreement or arrangement relating to the exercise of any of the rights conferred by thet holding of the shares." This might be dubbed the "hanky-panky" clause—and its provisions are quite far reaching.

Contrary to the original plan, companies will not be able to press stockbrokers for information about where they have transmitted shares. The Stock Exchange lobby argued successfully that such a provision would simply drive business into the hands of foreign brokers.

But if companies are frustrated in their inquiries, the new clauses would permit companies to apply to the court for an order directing that the shares in question should be subject to the restrictions imposed by section 174 of the 1948 Companies Act.

This would effectively freeze the shares and mean that the mystery holder would have no voting or dividend rights for as long as the restrictions remained in force.

The only question the court would have to decide would be whether the true owners had been tracked down. If this was difficult to establish the presumption would be that something funny was going on.

Another important innovation would permit shareholders who together controlled a tenth or more of the voting shares in a company to force that company to use its powers to find out who owns its shares—provided they show reasonable grounds for such a request. So a business with a puppet board of directors under the control of a mystery shareholder would not easily be able to wriggle out of its responsibilities.

The third main strand of the legislation relates to the 5 per cent disclosure rule itself. Since a great deal of new weight is being placed on it by the concert party clauses, the Government is taking steps to tighten the existing law considerably.

In the first place, the nature of the offence is being changed. Instead of being guilty only if you fail to notify the purchase which took you above 5 per cent, you will be in trouble simply for holding more than 5 per cent without disclosure. This means that it will not be necessary to prove which particular transaction by a concert party caused the offence.

Moreover there is likely to be a lot more beef behind the restrictions which can be imposed under Section 174 of the 1948 Act—either by the Trade Secretary or (under the proposed law) by the court at the company's request.

Up to now, the restrictions could only be imposed when there was difficulty in finding out the facts—but only if that difficulty was due mainly to the unwillingness of the people involved to assist the investigation.

In the case of Dunlop last year, Department of Trade Inspectors found it impossible to pinpoint which shareholders were being unwilling to help—and which were simply unable to comply because of the way shares are traded in Malaysia.

The Gold Fields Inspectors specifically recommended that this concept of "unwillingness" should be removed from the statute—and that is just what is being proposed. So it will be possible to freeze shares whatever the reason for the difficulty in establishing true ownership.

In the past, too, it was difficult to make the restrictions stick once the guilty party had shown his hand. Under the new proposals, the restrictions will only be lifted if the Trade Secretary (or the court) is happy that all the relevant facts have been disclosed

Warning of renewed exchange controls

By David Marsh

A LEADING company treasurer has warned that exchange controls could be re-imposed at short notice by either this Government or the next.

Mr Archie Donaldson, one of the two deputy treasurers of Imperial Chemical Industries, says the Government suspended rather than terminated exchange controls in October, 1979. He advises company finance managers to take measures "while there is still freedom to do so" to prepare for their possible reintroduction. He says this could take place "virtually without warning."

Writing in this month's issue of the Treasurer, the magazine of Britain's Association of Corporate Treasurers, Mr Donaldson, who is in charge of ICI's day-to-day international money management, says the present Government would be unlikely to re-implement controls totally unless there was severe pressure on the pound.

But restrictions could be partially reimposed to help improve control of the money supply. And he says any successor Government might decide to renew controls simply for ideological reasons.

In his article, which he admits is "provocative," Mr Donaldson suggests three ways that corporate treasurers could prepare for the possibility of the re-introduction of controls:

- Transferring ownership of overseas businesses (particularly where the parent company has only a part shareholding) to an offshore company. This would avoid the tax disadvantages that would result from any re-implementation of the requirement to repatriate dividends paid by overseas subsidiaries or associate companies.
- Setting up an offshore company to handle part of the parent company's liquidity management, in particular variable rate loans.
- Establishing an offshore trading company to centralise a group's international money management. In particular, the offshore company would have the freedom to cover contracts denominated in foreign currencies on the forward exchange market.

Economists predict prolonged recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A PROLONGED recovery in output and a resumed fall in interest rates from the end of this year are projected in an optimistic new assessment of the economy.

The assessment, by a group of Liverpool University economists under Professor Patrick Minford, uses a monetarist analysis.

The analysis is based on a model of the economy which assumes a rational adjustment of expectations and behaviour in response to events.

Output should begin to recover from now on with a growth rate of 3 per cent a year in 1982-84. The inflation rate should drop to 6½ per cent in 1982 and to about 4 per cent in the subsequent two years.

Long-term interest rates are likely to drop substantially in 1982 to about 9 per cent. Short-term interest rates may fall more slowly because of money market pressures in the recovery.

This forecast is more optimistic than, for example, the recent projections of the broadly monetarist London Business School, let alone conventional Keynesian analysis.

The Liverpool Group argues that the recovery in output will come initially from growth in consumption, the slower pace of stock reductions and a favourable trade performance. In 1982 and 1983 private investment is also expected to recover.

The underlying reason for recovery in private domestic expenditures is that the financial pressures generated by high interest rates and high inflation in 1980 are being reversed over the subsequent periods as inflation is brought down.

Unemployment in the UK, excluding school leavers, is expected to average 2¾m in 1982. The level is likely to peak early next year significantly below 3m and to fall slowly for the rest of the year, dropping to about 2m by 1984.

The Liverpool economists argue that to make a substantial further impact on unemployment it will be necessary to improve the "unemployment trap" by giving tax cuts to the lowest paid and by cutting the real value of social security benefits.

They say it will also be necessary to reduce union monopoly power substantially, and to improve mobility in the housing market.

City gives mixed forecast of economic prospects

BY OUR ECONOMICS CORRESPONDENT

VIEWS OF the economic outlook ranging from "terrible" to cautiously optimistic are on offer this morning.

In an interview with Marxism Today, the theoretical journal of the Communist Party, Professor Wynne Godley from Cambridge University says the economic prospects are "absolutely terible within the framework of existing policies or anything like them."

He says: "All the factors which have been making for depression are going to continue, so as soon as oil stops contributing in a positive way, the depressive forces will get even worse, and we shall see something I can only describe in apocalytptic terms."

The City is generally less pessimistic. Brokers de Zoete and Bevan believe an improvement in demand, including rising capital spending, is signalled for 1982.

Brokers T. C. Coombs and Co. expect a fall in the exchange rate to be the engine behind recovery. Real Gross Domestic Product is projected to rise by 2 per cent next year and by 6.2 per cent in 1983.

In contrast, brokers James Capel see little chance of a sustained economic recovery since consumer spending is expected to be sluggish.

The City's monetarist economists differ about the inflation outlook. Brokers L. Messel, for instance, suggest that, on the basis of the Confederation of British Industry surveys, further declines in the inflation rate should be expected over the next year.

In contrast, brokers Buckmaster and Moore believe that the inflation rate in 1982 is likely to be nearer to its previous estimate of 15 per cent than the London Business School projection of 9 per cent.

Petition mounted against Lloyd's Bill clauses

BY JOHN MOORE

A DOZEN senior executives of Lloyd's insurance broking and underwriting agency companies led by Alexander Howden Group are planning to organise a parliamentary petition to remove key clauses from the Lloyd's Bill.

Mr Ronald Comery, a director of Alexander Howden Group, a financial holding company with large Lloyd's broking, underwriting and other insurance interests, said yesterday: "We will certainly petition against the Bill. It is a mess. Ideally, the Bill should be withdrawn. It would be the only sensible thing to do."

Mr Kenneth Grob, Howden's chairman, said: "The Bill is bad. Work on it should start again. Another 18 months spent on its preparation could be priceless time."

The powerful group of dissident interests at Lloyd's is unhappy with rulings by a House of Commons committee which required the Bill to be amended to remove conflicts of interest at Lloyd's.

The Commons committee, chaired by Mr Michael Meacher MP (Lab., Oldham W.) ruled that the Bill should be amended to provide for complete divestment between brokers and underwriters and to preclude managing agencies (the groups which run underwriting syndicates) from acting as members' agents (the groups introducing members to those syndicates) because of conflicts of interest.

The changes were sought after another parliamentary petition prepared by two Lloyd's members, Mr Nick Parker and Mr John Burrows, had been filed. The petition called for major changes to the Bill.

Lloyd's is seeking a vote on the amendments required by the House of Commons from its 20,000 members. Mr Comery and Mr Grob described the Lloyd's referendum as "loaded."

They said members of Lloyd's were being railroaded into voting for divestment of broking and underwriting interests and against the divorce of managing agents from members' agency work.

Howden estimates that between 75 and 80 per cent of those voting will be in favour of divestment, while up to 99 per cent will be against the divorce of managing agencies from member agency work.

The group is so concerned about the matter which it feels has not received proper discussion among market members that it has written to the Prime Minister.

"These matters are of public concern and too important to be left to private legislation. Perhaps public legislation is more appropriate," said the group yesterday.

Its proposed petition is designed to ensure that a wide debate is stimulated on the controversial recommendations made by the Commons committee.

Howden's intervention is likely to cause a big row in Lloyd's and will add to the lobby building up inside Lloyd's and outside in political circles seeking the withdrawal of the Lloyd's Bill.

Most Lloyd's insurance brokers are unhappy about the parliamentary recommendation for divestment of their underwriting interests because of the adverse commercial implications. And underwriting agents are equally opposed to the call to divorce themselves of their managing and members agency operations.

Lloyd's has reluctantly accepted Parliament's recommendation on divestment. It is advising its members to vote in favour of the proposal, much to the annoyance of the brokers.

But on divorce of agency activities, Lloyd's is urging members to vote against the proposal — although the vote against may not be accepted by Parliament.

Fears are growing in all sections of the market that Parliament will disregard the Lloyd's vote by its members, because it was a "guided" rather than a free vote.

Big management shake-up for Cable and Wireless

BY GUY DE JONQUIERES

THE GOVERNMENT yesterday announced major changes in the management of Cable and Wireless in preparation for the sale of shares in the company to private investors in the autumn.

The changes are part of a wider internal reorganisation intended to enhance the company's ability to compete in the fast-growing market for private communications systems.

The reorganisation is being supervised by Mr Eric Sharp, who became part-time chairman in October. Mr Sharp, 64, was yesterday appointed full-time chairman and chief executive. He will retire soon as chairman of the UK subsidiary of Monsanto, the U.S. chemicals group.

Mr John Bird and Mr Richard Cannon, the managing directors of communications systems, and services and public telecommunications respectively, will become joint managing directors at the start of next year.

Mr Peter McCunn will remain deputy chairman and group managing director until his retirement in November next year. Mr Joseph Crouch, deputy director of Communications Systems and Services will join the Court (board) as director of technology.

Mr Gordon Brunton, managing director and chief executive of the Thomson Organisation, has also joined the Court as a non-executive director.

The Government plans to sell just under half the shares in Cable and Wireless to private investors in October. It wants the company to tidy up its operations before the sale, which it hopes will raise as much as £150m for the Treasury.

The aim of the changes is to position Cable and Wireless to take advantage of opportunities opening up in the communications business worldwide.

Most of Cable and Wireless's revenues, which totalled £254.8m last year, still come from the supply, installation and management of public telecommunications systems for foreign governments.

But the importance of this business is expected to decline in the long term. The company has already reached agreements to transform into joint ventures its operations in Hong Kong and Bahrain, its two biggest sources of revenue.

The company is looking increasingly for its future growth to the rapidly-expanding market for private communications, including computer communications networks and business information systems.

It wants to become a major force in Britain, after telecommunications is liberalised by the Government later this year. It is seeking permission to build an independent business communications network in partnership with Barclays Merchant Bank and British Petroleum.

Cable and Wireless also owns three small communications companies in the U.S. and may make future acquisitions there.

To reflect the increasing importance of private business, it is expected that the Communications Systems and Services division, which handles non-public communications operations, will be integrated more closely into the company.

Wiggin Alloys buys disused steel plant

By James McDonald

WIGGIN ALLOYS, a member of Inco, the Canadian metals group, has purchased part of the Laird Group's disused Patent Shaft Steel Works plant at Wednesbury, West Midlands, for £2.4m.

It will re-open it early next year for the production of nickel alloy sheet and plate. Between 50 and 70 new jobs will be created.

The Wednesbury plant closed 12 months ago and the purchase involves the Lea Works primary and plate mills at the plant. Wiggin Alloys is to spend a further £1.6m on refurbishing the mills, with £500,000 grant aid from the Department of Industry included in this sum.

Output of nickel alloy sheet and plate will be at low volume levels, compared with the plant's previous performance as a steel mill. But the new facility will strengthen Wiggin Alloys' competitive position at the "heavy" end of the European market for nickel alloy sheet and plate.

At present, says the company, it is denied access to much of the available business in this sector because of size constraints on its existing production facilities at Hereford.

● Casia Rapaport writes: the Laird Group has realised some £8.6m so far in the sale of assets of the Patent Shaft works, including the sale to Wiggin Alloys. The company's two electric arc furnaces and its bar and section rolling mill remain to be sold, along with various warehouses and storage facilities.

● Babcock Industrial and Electrical Products—part of the Babcock International Engineering group — is to close its foundry in Gloucester with the loss of 269 jobs because of the depressed state of the engineering industry, particularly in the motor vehicle sector.

The foundry made a trading loss of £1.1m in 1980 and Mr Thomas Carlile, deputy chairman and managing director of Babcock International, said yesterday that losses had continued at a similar rate.

With no indication of any upturn in demand the management had "no alternative" but to close the operation, said the announcement.

The closure plan allows for meeting commitments to existing customers, who include BL, International Harvesters and Massey-Ferguson.

● Land-Rover today is formally commissioning its new North Works at Solihull. The £55m plant—part of a £200m investment programme for Land Rover—is manufacturing two major products.

The first is a five-bearing version of the 2¼ litre Land Rover engine, improved versions of the two-door Range Rover and a new four-door Range Rover.

Roger Taylor

FELIXSTOWE'S £32m port development, which will nearly double its contained handling capacity, was opened yesterday by Mr Norman Fowler, Transport Secretary (centre), writes Andrew Fisher. He is shown with Mr Keith Wickenden (left), European Ferries chairman, and Mr Geoffrey Park, managing director of the port. One of Britain's fastest-growing ports and the largest independently-owned one, Felixstowe last year handled about 5m tonnes of cargo. It is a wholly-owned subsidiary of European Ferries. Mr Fowler said the latest development, involving extensive dredging of the harbour channel and the creation of large new container facilities, marked "the coming of age of Felixstowe." A large part of the investment has been accounted for by a new terminal for use by Walton Container Terminal, part of the interest of the Hong Kong C. Y. Tung group. Mr Derek Harrington, vice-chairman of Walton, said that the port hoped to gain the contract to handle the European end of a freight service to Canada.

Office pay not hurt by job cuts

BY JAMES McDONALD

UNEMPLOYMENT AMONG office workers seems to have no direct effect on the rates of pay of those who remain in employment, according to a survey carried out by the Institute of Administrative Management.

The survey found that office salaries in the south of England, where there is less general unemployment, increased less in the year to March 1 than those in Scotland and in the north of England, where unemployment is greater.

The survey — covering 38,833 office staff in 643 establishments — found that increases in office salaries probably kept pace with inflation up to September 1980.

"Since then the recession has hit most private sectors of the economy hard and a large number of office workers has fallen below the national average earnings level for all employees by about 2 per cent," it says.

For the analysis, office staff were divided into eight grades and salary increases for these grades during the year to March 1981 varied from 14.8 per cent to 18.7 per cent. Public sector increases in general were higher than those in the private sector, with increases in the larger public organisations mostly between 16 per cent and 24 per cent.

According to the survey, the annual salary for a typist and secretary is £4,177. Senior executive secretaries earn about £5,500 a year.

Office Salaries Analysis 1981, by Keith L. Scott and Hugh M. T. Horsford. Institute of Administrative Management, 205, High Street, Beckenham, Kent; £65.

Amalgamated to appeal on Seton

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AMALGAMATED INDUSTRIALS and three other companies in the Seton group are to challenge in the Court of Appeal a ruling that an option under which Johnson and Firth Brown acquired 11 Seton subsidiaries was valid and enforceable.

Amalgamated's claim to have the option agreement rescinded was rejected by a High Court judge in April.

The Seton companies had alleged that the agreement was invalid because, they claimed, a former director of some of the option companies which helped negotiate the agreement had been bribed by J and FB with the offer of a job if the option was granted.

The judge held that there was no evidence that the director's personal interests might have influenced the form of the agreement, and that another Seton director had consented to the job offer being made.

In the Court of Appeal yesterday Amalgamated asked for its appeal to be heard as soon as possible. Mr Colin Rimer, for Amalgamated, said it had been shut out of the option companies, most of which were trading companies, since last July, and were concerned about the companies' future.

Amalgamated had had a brutal shock last August, he said, when it learnt that J and FB appointed Receivers for four of the companies.

J and FB had said it would give Amalgamated three days' notice of any intention to appoint a new Receiver, but by then the damage might have been done, said Mr Rimer.

Amalgamated wanted its appeal heard in October so that it could regain control of the companies as soon as possible.

The court granted leave for the appeal to be expedited and ordered Amalgamated to lodge £9,000 as security for J and FB's costs of the appeal.

Exploration share raids banned

BY CHRISTINE MOIR

DAWN RAIDS on UK-based oil exploration companies will be outlawed from today following a revision of the rules of the Council for the Securities Industry.

From now on, any predator which wants to acquire 15 per cent or more of an oil or mineral explorer traded under Rule 163(3) in the market will have to comply with the "dawn raid" rules laid down by the CSI in October.

When the rules were introduced they applied only to companies with full quotations or those traded on the Unlisted Securities Market.

But the CSI has now extended them to cover companies traded under rule 163(3), reserved for mineral explorers with an insufficient track record to qualify for a full quote.

The rules prohibit predators from buying more than 14.9 per cent of a company in a five day period, unless the offer to purchase is held open to all shareholders for a week, or a partial tender offer is made.

They were introduced last year as a reaction to widespread unease following a flurry of rapid market raids, sometimes taking only a few minutes, in which predators bought substantial stakes in shares.

The speed of the operations, it was felt, effectively excluded small shareholders who could not be contacted in time to sell their shares to the raider if they wished.

The CSI has also refined another aspect of its original rules to ensure that shareholders get full information about a major buyer at the earliest stage. From now on the predator will be allowed to circulate copies of its tender offer directly to shareholders of a target company.

Shops spending falls in May

BY DAVID MARSH

SPENDING IN the shops and hire-purchase activity slackened in May in line with easing of consumer demand from the buoyant levels earlier this year, said the Department of Trade yesterday.

The Department's seasonally-adjusted index of retail sales volume fell 0.8 per cent in May compared with April, to 110.6 (1976=100), revised figures show.

This is little changed from the provisional figure of 111 given by the Department last month.

Seasonally-adjusted May sales were 3 per cent down from the peak month of January, when exceptional New Year sales boosted trade. But spending volume in May remained at 1.2 per cent above the average level last year.

An illustration of retail activity's levelling-off is that spending in the three months March to May was 0.3 per cent lower than in the previous three months.

The fall affected mainly clothing and footwear retailers and household goods stores.

The volume of retail sales in May was up 2 per cent on May last year. In value terms the rise was 10 per cent.

Welsh dragon flies into the world of high technology

John Elliott recently visited Colorado to learn about plans for Newport's Inmos plant

EARLY NEXT year the Welsh dragon will fly in Newport, South Wales above an unusual looking Anglo American factory. Inside, 750 of the eventual 1,000 employees dressed from head to toe in dirt-proof white suits will be producing micro chips for Inmos, the highly controversial State-backed semi-conductor company which is 72.5 per cent owned by the National Enterprise Board and up to 27.5 per cent by senior employees.

The use of the Welsh dragon —in the company's letter-head as well as the factory flag—is an example of the lengths to which the management intend to go to become part of the local industrial landscape. The unusual design has been chosen to show local people, and visitors that the company is in the business of innovation.

The white-suited workers will be making chips in a sealed "clean room." About 600 of them will be women and they may well be working a "compressed work week" shift system of three long days a week to make maximum use of expensive equipment with minimum overtime.

To begin with at least, there will probably be no trade unions and the factory will be run by managers, engineers and technologists with an average age of not much more than 30. These executives will hold shares in the company, but their financial interest will be much less than the high-paid "superstars" employed in laboratories inventing the products.

The "superstar" philosophy, somewhat alien to British industry, is central to the approach of Dr Dick Petritz, the company's chairman and one of its founders. A former U.S. venture capitalist, Dr Petritz likens his philosophy to a football or baseball team manager who hires his superstars with big salaries and high performance-related rewards. He has said he hopes that Inmos will produce 100 millionaires.

At present the only tangible evidence in the UK of this potentially significant international business is a series of loss figures in the NEB's annual reports, a muddy building site with an unusual suspension bridge type of steel structure in Newport, and a research establishment in Bristol.

In the U.S., however, the business is now taking shape in Colorado Springs at the foot of the Rockies. It is housed in a sleek modern factory built in the shadow of Cheyenne Mountain (home of the U.S. Government's North American Aerospace Defence [Norad] centre).

Production has started of Inmos's basic 16K static random access memory (ram) which is now being marketed and is beginning to find buyers in Japan and Europe as well as the U.S. Technological breakthroughs have been made — including a method called "redundancy" which reduces the number of chips that have to be rejected because of manufacturing faults.

Dr Petritz and his colleagues confidently believe that these developments and the much more advanced 64K ram product that is to be introduced in the autumn will confound the company's many critics and sceptics.

Now, just as it was thought that Inmos might settle down for a period of quiet, gradual growth (or failure), Dr Petritz has caused a stir by insisting that wide-ranging plans are needed for rapid expansion. Intensely conscious of the danger of standing still in the volatile and highly competitive semi-conductor industry, he wants expansion decisions to be made by early next year, preferably in January.

These may well include a factory within four or five years in Japan which would be jointly owned with Matsushita or some other local company, as well as projected expansion in the UK and U.S.

Since Inmos was set up by the NEB in 1978, the Government has invested £50m in equity plus another £45m to £50m in grants, loans and guarantees. At no time has anyone in the UK appeared to envisage Inmos setting up factories outside the UK and U.S.

But Dr Petritz argues that to survive Inmos must grow into a major international company. It therefore ought to manufacture in Japan as well as in the UK and U.S., to compete on price and quality in all three of the world's largest markets —North America, Europe and Japan.

His ambition is that Inmos should not operate on the fringe of the mushrooming £7bn-a-year semi-conductor market where it would be dwarfed and pushed aside by the major established companies such as Intel, Motorola and Texas Instruments and other competitors from Japan.

He argues that a new company emerges as a major international force at each stage of the development of micro-electronics. Inmos, he says, has the chance to be that company in the current leap forward to VLSI (very large scale integrated) circuits, using what in the trade is known as advanced N-channel MOS technology.

Dr Petritz describes expansion into Japan as one of the "deltas" (a calculus term meaning "something different") that will be aired "for discussion" in Inmos's new five-year corporate plan which will go to the NEB in a few weeks time.

To push Inmos rapidly into the international business a enthusiastic young electronics designers, engineers, technologists and managers has been recruited.

First there are the "superstars," mainly workingin Colorado. Drawn from all parts of the world by the combined attractions of salaries matching some of the highest available in the semi-conductor industry (£30 000 to £40,000 or more a year in one's late twenties or very early thirties), the prospect of a sizeable slice of potentially valuable shares, and the excitement and challenge of trying to help a company to grow from nothing to a world-beater within two or three years.

"The environment, in being new, gives us an edge in cleverness," says Mr Rahul Sud, one of the young senior designers. "We're attracting a workforce seeking excitement," says Mr Gary Derbenwick, a senior technologist. They add that Inmos has an advantage "because it brings together people with no inherited corporate traditions or inhibitions."

Second there are senior engineered and managers, not of "superstar" class, but essential if the "cleverness" is to be turned into profitability. There is some rivalry between the two groups which could turn sour if too many class divisions emerge, especially once the UK factory is in operation.

The people recruited for the UK are now in Colorado, planning the start-up in Newport which is scheduled for early next year. Their motivations are slightly different from the "superstars." This is partly because there is no share-owning tradition in the UK and partly because they are not receiving such a large allocation of shares. (The shares are reserved for "key" employees —15 per cent of the total shares are held by three founder directors including Dr. Petritz and 12.5 per cent by other senior staff.)

Their salaries match the best being paid in the UK by foreign companies such as Motorola and NEC but are only about half the salaries of the top U.S. designers. They have been recruited from slightly lower payers such as Plessey and Texas Instruments.

They say they want to show the world (and not least Americans) that Britain can run an efficient, profitable high technology manufacturing venture.

So the motives and motivation will be strong in both Newport and Colorado. The main challenge remaining is to export the technology and production techniques from the Colorado factory, with its panoramic views of the Rockies and the surrounding plains, to the tougher industrial atmosphere of South Wales, and then to produce the chips in sufficient high-quality volume to attract mass sales.

Mr Rex Mears, an outspoken 41-year-old manager hired from Plessey to run the Newport factory (which will be considerably bigger than the Colorado plant), is confident that he can confound the critics and produce high quality chips.

A former ASTMS shop steward in AEI before the 1960s' GEC takeover, Mr Mears has experience of running electronics factories in several parts of the UK. "We'll have monthly meetings with all the staff and we'll talk in dollars to them on business matters to emphasise the international aspects" he says.

"Our great problem will be credibility. We're a defeatist nation but we're getting a lot of local support."

Local school masters have been relieved to hear that Inmos aims to recruit some 900 of its 1,000 workforce locally instead of relaying mainly on "imported superstars." Gwent County Council has spent £360,000 modernising a local college with up-to-date electronics equipment. About 50 to 60 employees will visit Colorado for training while the rest will be recruited in small batches and trained in Wales.

Meanwhile the foundations are being laid elsewhere for the hoped-for boom in world-wide sales. The new Colorado factory started production six weeks ago and Dr Petritz says the improvements gained in productivity and quality are sufficient to enable it even to make profits selling chips at their present price of £24 to £35 per 100 compared with £69 per 100 at which the cheaper Inmos's two 16K ram products was introduced in December.

(The world-wide recession and strong competition for mass produced chips have pushed down the price.)

Jetsave and BA sign holiday agreement

By Michael Donne, Aerospace Correspondent

JETSAVE, THE pioneer of low cost North Atlantic holiday flights, has signed an agreement with British Airways and Air Canada for flights to Canada from next April 1, worth initially £25m.

About 100,000 passengers a year who book with Jetsave will fly to big Canadian cities (Toronto, Vancouver, Montreal, Winnipeg, Edmonton and Calgary) on the scheduled flights of BA and Air Canada.

Departures from the UK will be from Heathrow, Gatwick, Manchester, Prestwick, Cardiff, Belfast, Newcastle and Birmingham. Where there are no BA or Air Canada scheduled flights from those locations, charter flights will be made.

Fares for the Jetsave flights will start at £189 return to Toronto. Passengers will get free in-flight services, entertainment and a discount shopping card.

Italian group wins N. Sea contract

BRITISH PETROLEUM has awarded an £11m contract to an Italian group for the laying of pipelines in and around the Magnus oil field in the North Sea.

The contract, awarded to Saipem, a member of the ENI group, involves the laying of 35 km of flowlines to connect some underwater well systems to the Magnus platform.

Lancashire to raise supplementary rates

A SUPPLEMENTARY rate demand of 18p in the pound is on the way for Lancashire —an emergency move timed before possible legislation aimed at preventing local authorities taking such steps.

It will raise an extra £24.5m and cost the average domestic ratepayer another £26.10. Demands are likely to drop through letter boxes in September.

House prices risen by 6% this year

HOUSE PRICES have increased by an average of 6 per cent in the first half of 1981, according to the Anglia Building Society.

New houses have risen by 7.2 per cent and post-1919 houses by 4.2 per cent. Anglia foresees an average price rise by the end of the year of around 10 per cent.

Pedal power gains in popularity

THE NUMBER of people turning to pedal power as a form of transport rose at twice the rate of the increase in car traffic in the first quarter of 1981, according to the Department of Transport.

Car traffic increased by 2.5 per cent, pedal-cycle traffic by 5 per cent and motor cycle traffic over 6 per cent.

GLC to encourage 'bottle banks'

THE COLLECTION of waste glass through "bottle banks" is to be given a boost through a decision of the Greater London Council to pay boroughs £7 for every tonne of glass that they separate from household refuse.

Friday's decision, by the council's public services committee, has been welcomed by the glass industry.

Robot research attracts £2.4m

A GRANT worth £162,415 to develop robots which can see and feel has been awarded to Hull University by the Science and Engineering Research Council.

The programme is part of an initiative by the council to develop British expertise in robots. Over the next five years it will spend £2.4m on robot research.

Retailers warned on complacency

RETAILERS were warned yesterday not to pin too many hopes on the Royal wedding having a lasting impact on retail sales this year.

The warning came from stockbrokers Capel-Cure Myers who specialise in analysing the retail scene. They express concern that "some retailers may have been lulled into complacency."

Tensor undertaking of good behaviour

TENSOR MARKETING, a mail order company selling bicycles, has given an undertaking to the Director General of Fair Trading to treat its customers fairly in future.

The undertaking was given following numerous complaints to the Office of Fair Trading about Tensor Marketing's trading behaviour concerning the company supplying the wrong make of bicycle.

Foot plan to cut working week

BY PHILIP BASSETT, LABOUR STAFF

A FUTURE Labour government may introduce legislation to reduce working hours for certain groups of employees, Mr Michael Foot, the Labour Party leader, said yesterday.

In a speech to the annual conference of the National Union of Railwaymen in St Andrew's, Mr Foot drew attention to the recent "great socialist victory" in France of President Mitterrand and said a key part of the new French Government's programme is a reduction in hours.

One of the first actions of the Mitterrand administration was to begin talks on introducing legislation for a 35-hour week.

Mr Foot said after his address that there are different ways of bringing in shorter hours. Talks going on between the party and the unions in the TUC-Labour Party liaison committee have examined the issue.

The most likely approach would be a combination of voluntary moves and legislation but Mr. Foot said: "At the end of the day some part of it will be by legislative agreement." Legislation would apply particularly to certain workers, although Mr Foot would not specify which.

He told the NUR delegates that there would be problems in achieving shorter hours. Employers always say it could not be done.

Mr Foot said a cut in hours should be part of the programme for the reflation of the economy to combat unemployment, spelt out in weekend speeches. No mention of this was made in his weekend speech.

He also referred to the discussions which have been taking place in the TUC-Labour Party liaison committee on the question of possible pay restraint under a future Labour government.

The NUR last week passed a resolution continuing its approval of an incomes policy as part of a planned socialist programme, but Mr Foot did not refer by name to this delicate issue, detailed discussion of which in the committee has been delayed.

Stressing that the political and industrial wing of the Labour movement would have to continue to work together, he said that sometimes there were awkward questions which were left until last.

"But they have to be faced. And we have an agreement on them we must stand together, and not have one or two people going off saying they had agreed to no such thing," he said.

BL stands firm on Rover work switch

By Arthur Smith, Midlands Correspondent

BL CARS refused yesterday to give ground in the face of union protests at plans to switch production of Rover saloons from Solihull, Birmingham, to Cowley Oxford.

The decision to halt car assembly at Solihull early next year with the loss of more than 2,000 jobs was final.

Union hopes of resistance now rest on a mass meeting of workers this week. Militants are calling for occupation of the plant, or for pickets to prevent the transfor of work.

But the company must be confident that employees will opt for redundancy. A special bonus, worth 12 weeks' pay, has been offered on condtion that the transfer of production is completed smoothly.

Union support already appears to be eroding. A mass meeting last week rejected a shop steward's recommendation to refuse co-operation

In public, union officials insist employees were confused about the issues. In private, they recognise the lure of redundancy pay could undermine opposition.

Protest lobby

MEMBERS of the National Association of Teachers in Further and Higher Education will lobby MPs today in protest at the Government's decision to give the Association of Polytechnic Teachers a seat on the Burnham Further Education Committee.

Leftist miners fail to win backing for Benn

BY CHRISTIAN TYLER, LABOUR EDITOR

LEFT-WINGERS in the National Union of Mineworkers failed narrowly yesterday in an attempt to commit the union to Mr Tony Benn's candidature for the deputy leadership of the Labour Party.

Their defeat on a procedural move at the union's conference in Jersey means that the union's leadership will probably decide in the autumn to cast its 244,000 vital, although not necessarily decisive, votes for Mr Denis Healey, the incumbent.

However, the battle is not quite over yet. Some kind of poll of the miners' views is likely, before the national executive makes its decision in September.

The Left is preparing a heavy campaign in the coalfields to try to overturn the Right's majority on the national executive and to influence the union's delegation to the Labour Party conference.

Yesterday's result was a defeat for Mr. Arthur Scargill's Yorkshire area, which unsuccessfully challenged a decision to rule out debate on an amendment it had tabled, supporting Mr Michael Foot as leader and Mr Benn as deputy.

But Mr Scargill claimed afterwards that, if the amendment had reached the floor, it would have been carried narrowly. Two of the conference delegations failed to give Yorkshire the backing expected on the procedural issue.

The Scottish craftsmen, although committed to Mr Benn, voted the other way on technical grounds, and the cokemen abstained after a row within their delegation.

Mr Scargill commented: "The decision demonstrated the fear of the Right-wing to debate the issue because they knew that the debate would have resulted in a victory for Tony Benn."

Yorkshire's defeat by 137 votes to 125, after allegations of

Mine union president Joe Gormley — condemned leadership squabble

trickery from both sides, was by the same token a success for Mr Joe Gormley, presiding over his last conference.

Mr Gormley declared that it was not so important whether Mr Benn or Mr Healey won the contest in October. What mattered was whether Labour would win the next general election. The objection was that the amendment should have been submitted earlier as a substantive motion.

But in his opening address earlier, Mr Gormley made it plain which side he backed by condemning what he called the "present convulsions" over the party leadership.

Echoing a theme used by Mr Healey, he said: "What I hate with the present activities is the fact that certain people are working around the country with a so-called hit list of loyal members of the party who have to be in some way attacked or removed.

"In fact, I noticed from one recent statement that the present leader, Michael Foot, could be on that list. If I was an outsider looking in, I would be thinking I was reading a page from the history of the Mafia and not the Labour movement."

The Yorkshire challenge was launched by Mr Jack Taylor, area vice-president, who said it would be a negation of democracy and a betrayal of the union's constitution to deny the delegates a debate.

Mr Trevor Bell, secretary of the white-collar constituency, COSA, and the Right's contender for the presidency against Mr Scargill, cheered his supporters by speaking against the move, which he described as a "con trick."

Today the wages debate is expected to see a clash over whether the next pay claim should contain the Left-wing's 25 per cent demand or the moderates' vague wording.

The Left areas, which expect to win the day, refused yesterday to merge their resolutions in a single composite motion designed to satisfy all factions.

Work-to-rule suspended at Liverpool port

Financial Times Reporter

THE PORT of Liverpool Staff Association has suspended for a week a ban on overtime and flexitime working, due to have come into operation yesterday.

The 450 white-collar clerical workers employed by the Mersey Docks and Harbour Company are protesting at delays in settling the annual pay claim.

Jobs salvaged as shiprepair yard is reopened

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE HULL ship repair yard of Brigham and Cowan, closed by British Shipbuilders two months ago, has reopened under the ownership of three of its former management.

The yard was closed by BS with the loss of some 140 jobs because there was not enough work. A union plan to run the yard with a much-reduced labour force was rejected as impractical.

However, the yard's new management — Mr John Wilson and Mr Michael Milton, two former directors, and Mr Terence Spragg, the yard's former manager—have attracted some small ship repair jobs and are beginning to hire labour.

The management hopes to attract larger orders in the next few weeks. If it succeeds, it will attempt to secure a lease on the dry docksß, formerly used by the company and owned by the British Transport Docks Board.

The local unions, which were asked to supply workers to the company, are relieved that the yard will provide employment once more, but resentful that BS closed down what now seems to be a potentially — profitable concern.

They also fear that the yard may be used for sub-contracting work by BS. Mr James Murray, general secretary of the Boilermakers' Society and chairman of the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions, told the CSEU conference in Ayr last week that the committee would "watch the situation very carefully."

Mr James Mulgrove, the district secretary of the CSEU, said the yard had five orders when it closed, and it could have been made profitabe.

British Shipbuiders has said there was no question of sub-contracting work to a privately-owned yard while its own yards are short of shiprepair work.

Busmen warn against higher Tube pay deal

BY OUR LABOUR STAFF

LONDON TRANSPORT has been warned by the Transport and General Workers Union that future pay negotiations for workers on the city's Underground could jeopardise the 8 per cent pay agreement for bus crews.

Mr Bill Morris, the union's national secretary for passenger transport, has written to Mr Ken Livingstone, leader of the Greater London Council demanding an urgent meeting.

Mr Morris refers to a statement by Mr Livingstone that London Transport would more than match whatever resulted from the present tribunal hearing into British Rail pay.

London Tube workers have rejected 8 per cent and are threatening a strike later this month. There has been some speculation that the British Rail tribunal might come forward with proposals for a staged increase of 7 per cent plus 4 per cent for the separate pay deal, to replace the offer of 7 per cent which has been rejected by the rail unions.

The letter from Mr Morris says that maintenance of the 8 per cent settlement for London Transport bus crews depends on no other group being offered more within LT. The letter hints that industrial action under such circumstances could follow.

"I welcome the pledge by the leader of the GLC and I shall now seek a similar assurance for the London busmen." Mr Morris told Mr J C Cameron, LT executive member for personnel.

The letter adds: "since concluding our agreement, I have carefully followed LT's progress in negotiations with all other groups and I have now to write following the reported pledge on Tube workers' pay attributed to Mr Livingstone.

"In the light of the reported statement, I have to tell you no other group within London Transport is deserving of more than members of this union, and accordingly I must insist on an urgent meeting with the executive to secure similar assurances.

"Can I also say that under the proposed reduction in fares policy, my members, as ratepayers, will be faced with higher rate demands without the compensatory benefit of cheaper travel which the travelling public will receive.

"Finally, the executive should know that in the absence of a positive response, I cannot guarantee that my members will not seek to forget allies in a common struggle."

Union threat to pull the plug on Plessey

THE "new technology" dispute at Plessey's plants in Edge Lane, Liverpool, and Huyton has hardened. One of the two unions involved, the Association of Scientific, Technical and Managerial Staffs, has pulled out on strike 12 technicians from the area of the dispute.

The other union, the Electrical and Plumbing Trades Union, now regards the issue as settled. However, while the ASTMS action has not disrupted production of telecommunications equipment at the plants, it could do so if there were a major breakdown in the production equipment.

PLESSEY has been caught in the middle of an inter-union dispute over new technology. John Lloyd examines the arguments in the long-running dispute and reports on efforts being made to break the stalemate.

ASTMS and EPTU are divided on which union should organise maintenance workers for computerised production equipment. Plessey has settled the argument in favour of the EPTU by the creation of a few "technician" posts, to be organised by the EPTU.

The problem threatens to spread to Plessey's Chorley plant, where there is a potential parallel dispute between the EPTU and the white collar engineering union AUEW TASS. The company has proposed the creation of the technician grade there, but has agreed to maintain the status quo pending talks at national level.

Talks between the company and Mr Stan Davison, the ASTMS assistant general secretary, have so far proved frustrating for the association. Mr Davison says: "Formulas have been banded about and talks and continuing. We don't accept it is an inter-union problem: what we are saying is that it is a company problem which the company must sort out."

The EPTU's national officer, Mr. Roy Sanderson, believes that the issue wil have to be taken to a TUC disputes procedure. Both unions, he says, are committed to organising in the same area and there is little scope for compromise.

The company believes there might be room for such compromise, and is discreetly trying to get the unions to explore it. It believes both unions understand that an escalation of the dispute into an all-out strike and stoppage of production would further gravely damage the industrial relations climate of Merseyside — where Plessey, apart from Ford, is the onnly major manufacturing employer left.

Fire damages oil platform

FINANCIAL TIMES REPORTER

OIL PRODUCTION from the British North Sea Brent Field has been cut by between 40,000 and 60,000 barrels per day following a fire on the "Charlie" platform which halted output there, Shell UK Exploration and Production said at Aberdeen.

Shell UK Exploration is the operator for the Brent field, which produced an average 272,075 b/d in June, on behalf of parent company Shell UK and Exxon Corp's Esso.

The company said the Charlie Platform fire on Sunday night was caused by exploding gas bottles and was quickly extinguished. No injuries were reported.

It could not say when production would be resumed on the platform, one of the four operating in the field.

Reuter

Whitelaw pledges firm action against rioters

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE POLICE are to be issued with improved riot equipment including better protective headgear and fire-resistant clothing following the weekend rioting in Toxteth and Southall, Mr William Whitelaw, the Home Secretary, told the Commons yesterday.

He made it clear that such outbreaks of violence will be met with firm police action and declared: "There can be no question of police holding back in any way. Those who should be arrested will be arrested.

"Violence of this nature cannot be tolerated in a free society. The Government is determined to see that our people are protected."

During the weekend, he said, the police had been attacked with "extraordinary ferocity", particularly in Liverpool.

Mr Whitelaw, who was making a statement on the disturbances, turned down suggestions from Mr Anthony Steen (C. Liverpool Wavertree) that he should declare a state of emergency and appoint a Minister with special responsibility for inner-city areas.

He also made it clear that he did not favour a re-introduction of the Riot Act which was repealed in 1957 and which allowed police to arrest people who failed to disperse.

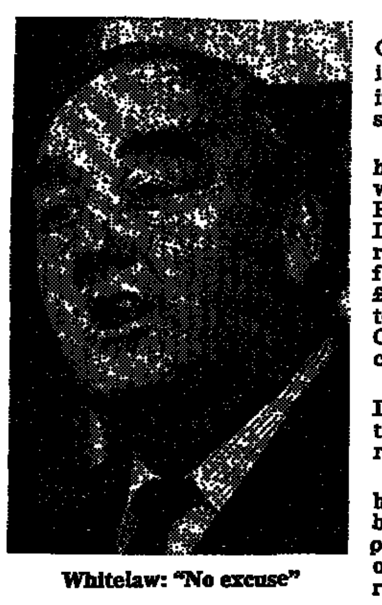
The Home Secretary did however, promise to look at suggestions that police should have greater power to stop and search people for weapns or alcohol when they had reason to believe that they might be joining a disturbance in a riot area.

He said that people whose property had been destroyed in the weekend violence would be ableto make claims under the Riot Damages Act of 1866.

It is likely that the recent succession of disturbances in inner-city areas will be debated before the House rises for the summer recess.

There is also the possibility that the Home Office departmental inquiry into racial violence will report by the time the House rises in late July or early August.

Hattersley: "Social causes"



Whitelaw: "No excuse"

The Commons was in a grim and sober mood for Mr Whitelaw's statement and MPs of all parties were agreed on the need for firm action to contain violence.

There was barracking from the Labour benches when Mr Enoch Powell (UU, South Down), a former Tory Cabinet Minister, asked the Home Secretary: "In which town or city are you expecting that the next pitched battle against the police will be fought?"

Firmly, Mr Whitelaw told him he had no intention of entering into such speculation.

There was a marked difference of emphasis between the questioning from the Conservative and the Labour sides of the house.

Tory MPs were more concerned with the need to improve police methods of dealing with such outbreaks. From the Opposition there was greater emphasis on tackling what Labour MPs saw as the underlying causes—mainly youth unemployment—and the necessity for more Government spending to ameliorate the situation.

Mr. Roy Hattersley Labour's Home Affairs Spokesman, declared: "The causes of such incidents are social and economic and until social and economic circumstances are changed such incidents are likely to continue."

Mr Hattersley fully supported the Home Secretary's determination to bring to an end "violence of a character and intensity that cannot and must not be tolerated, in a free and democratic society."

But he pointed out that in the central areas of British cities there were intolerably high levels of unemployment and unacceptably low levels of social services and inadequate housing.

There were mutterings of dissent from the Tories when he said that the problems had been compounded by the escalating levels of youth unemployment for which the Government must take its share of responsibility.

He predicted that the problems were likely to intensify over the next few weeks as thousands more school leavers joined the dole queue.

Mr Hattersley urged the Government to look again at its inner city policies and the funds it provided for housing and social services.

But Mr Whitelaw reminded him that this could not be the whole answer to the problems. He said that the Liverpool Inner City Partnership will be receiving £17.6m in Government funds for 1981-82 and a further £17.2m would be made available to the Merseyside Development Corporation—"not sums that can be easily written off."

Mr Richard Crawshaw (Social Democrat, Toxteth) said that the rioting had not been of a racial nature.

It was true that there was high unemployment in Toxteth, but there were also many people out of work in other parts of the country, and they did not resort to violence.

Nor was bad housing the cause of the trouble. In fact, there were many thousands of new houses in the area.

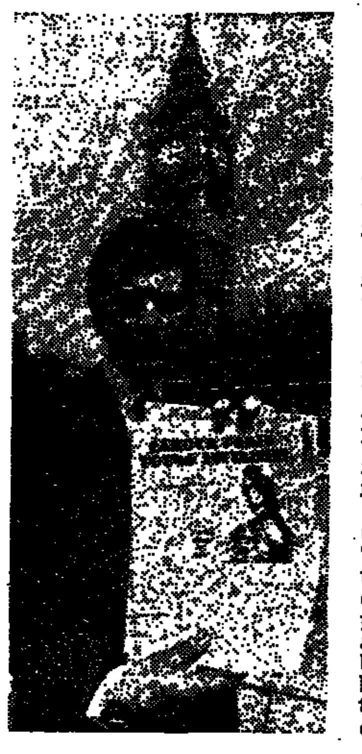
He thought that such disturbances had to be stamped out, whatever the excuse given for them.

Mr Crawshaw maintained that the outbreak resulted from a genuine belief among the white and black community in the area that enforcement of law and order was not even-handed.

No element of the community was entitled to more privileges than others. But no element should be made to feel that it was being less equally treated than anybody else.

Mr Robert Kilroy-Silk (Lab, Ormskirk) suggested that there must be something seriously wrong with the relationship between police and community in Liverpool. He urged the Home Secretary to see that an inquiry was carried out into this aspect.

Mr Whitelaw replied that he was prepared to make sure that there was such an investigation.



THE LABOUR PARTY National Executive Committee is to investigate a leaflet which was circulated in the Toxteth and Edge Hill districts of Liverpool yesterday in the wake of the weekend riots.

The contents of the leaflet, issued under the heading of the Labour Party Young Socialists, were the subject of a protest in the Commons by Mr David Alton (Liberal, Edge Hill).

Mr Alton (above, with the leaflet) complained that the leaflet said: "We defend all those arrested during these events and call for their immediate release and the dropping of all charges against them."

Mr Eric Heffer (Lab. Liverpool Walton.) said it was "totally untrue" that the letter had been issued by the Labour Party.

Financing system 'limits BR investment'

By Lynton McLain, Transport Correspondent

EXTERNAL finance limits imposed by the Government on nationalised industries have affected adversely the investment programme of British Rail and British Gas, the two industries told MPs at the House of Commons Treasury and Civil Service Select Committee yesterday.

The committee, chaired by Mr Edward du Cann, Conservative MP for Taunton, was investigating the financing of nationalised industries.

British Rail, in written evidence, told the committee that "the EFL system, linked with the public service obligations ceiling, has reduced investment programmes not only below authorised investment ceilings but also below levels suggested by the application of financial targets and investment criteria."

These arrears of investment are serious, and are increasingly causing operational and service difficulties which will make it impossible to achieve financial and other targets.

Specific rail projects involving £100m of investment with potentially high returns are in jeopardy. The Gatwick Airport to Victoria rail link could yield a real rate of return of 16 per cent; level crossing automation, 23 per cent and jumbo train ferries, 20 per cent, said Mr Derek Fowler, the vice-chairman and board member for finance at BR.

Nevertheless, Sir Peter Parker, chairman of BR told the MPs that he accepted that "financial targets are paramount." He said the BR board had met its financial targets every year since he was appointed chairman in 1976.

Sir Denis Rooke, the chairman of British Gas, said investment projects in his industry had been postponed because of external financial constraints. "We have put off doing things that were possible, but it is our duty to meet our EFL," he said.

Minister meets Irish Peace Commission for talks on H-Block

BY STEWART DALBY IN BELFAST

ATTEMPTS were continuing last night to try to break the deadlock in the H-block crisis following another visit to some of the eight hunger strikers in the Maze prison outside Belfast by the Irish Commission for Justice and Peace.

The five Commissioners later met Mr Michael Alison, Minister of State for Northern Ireland with special responsibility for prisons.

He has remained at Hillsborough, the former Governor's residence three miles from the Maze, throughout the weekend although the Government has denied that the Commission is "negotiating."

Yesterday's visit to the Maze was the fourth by the Commission in three days. It was followed by a meeting with relatives of the hunger strikers and representatives of the Provisional Sinn Fein, the political wing of the Provisional IRA; the Irish Republican Socialist Party (IRSP) the political wing of the Irish National Liberation Army (INLA); and members of the National H-Block Committee including Mrs Bernadette McAliskey.

This meeting took place at an hotel just outside Belfast and gave rise to hopes that the hunger strikers might be prevailed upon to end their fast.

Joe McDonnell is today in the 60th day of his hunger strike. His wife, visited him yesterday and said he cannot see and his mouth is twisted as if he has had a stroke. Of the four hunger strikers who died earlier this year Bobby Sands lasted 66 days, Francis Hughes died on day 59. The chances of Mr McDonnell surviving much longer are not good unless a compromise is found.

The British Government's position, as reiterated by a spokesman yesterday, is that there can be no concessions to the five demands because this would be tantamount to granting political status. The five demands concern clothing, work, free association, visits and remission.

However, the Commission appears to have discovered some flexibility on the part of the hunger strikers. They made a conciliatory statement over the weekend saying that with particular respect to work a compromise could be found "with no loss of principle involved."

The sheer length of time that the Commissioners have spent with the hunger strikers and te fact that they are again seeing Mr Alison for the first time since Saturday suggests that some form of compromise remains possible.

The hunger strikers however let it be known they want stronger guarantees from the Government that prison reforms will be implemented should they agree to end the fast, which the Government has made a pre-condition of discussing the prison regime.

Specifically they want a high level Government representative to be present with the Commissioners to give a firm undertaking that any kind of prison reforms will be adhered to. The feeling in the Republican movement is that in the abortive hunger strike before Christmas certain undertakings were tacitly given by Mr Humphrey Atkins, but were abandoned once the seven hunger strikers ended their protests.

● In St Andrews, Scotland, Mr Michael Foot, leader of the Labour Party, criticised proposals for solving the Northern Ireland problem which ignored the wishes of either main religious grouping.

In what was taken to be a reference to the forthright statement last week on Northern Ireland by Mr James Callaghan, the former party leader and Prime Minister, Mr Foot said it was "no good" simply ignoring the wishes of the Protestant majority, just as the feelings of the Catholic minority had to be taken into account.

Speaking to the annual conference of the National Union of Railwaymen, Mr Foot said the Labour Party's proposals on the future of Northern Ireland would be ready in a few weeks. They would then go to the party conference in the autumn.

Benefits change to bring 1,000 job cuts

BY Gareth Griffiths

THE GOVERNMENT plans to alter the way in which it administers the supplementary benefit scheme in order to cut 1,000 jobs from the Department of Health and Social Security.

The proposed changes were described yesterday as running "a much more bluntly-tuned scheme" by Sir Geoffrey Otton, second Permanent Secretary at the DHSS.

In evidence to the Public Accounts Committee he said that the changes would enable the more detailed work of assessment on supplementary benefits to be applied only to those claimants who were longer-term cases, and not to those on benefit for a few weeks.

Such changes are contingent upon transfer of responsibility for housing benefit schemes away from the DHSS to local societies.

A consultative document has been issued by the Government to local authorities on ways of breaking down the division between the two sets of benefits.

Pressure for the proposals comes from the DHSS's attempt to cut 16,000 jobs by 1984 as part of the general Civil Service cuts. Transfer of responsibility for sick pay schemes to employers would cost 5,000 jobs, transfer of housing benefits responsibilities 2,000, and the "blunter tuning" in running supplementary benefits 1,000.

Croydon SDP and Liberals agree tactics

By Elinor Goodman, Lobby Correspondent

LIBERALS and Social Democrats in Croydon North-West yesterday moved another cautious step nearer fielding a joint candidate in the forthcoming by-election.

The two parties agreed in principle to fight the by-election together, and said they would be meeting later this month to "determine" a candidate.

Judging by a poll of local SDP members, the spirit of co-operation could come under some strain if the Liberals ask the SDP merely to endorse their choice of candidate.

The poll showed that, although the great majority of local SDP members liked the idea of either a joint candidate or an SDP candidate supported by the Liberals, only 3 per cent are prepared to go along with SDP support for a Liberal candidate.

Under the terms of the national agreement between the two parties, the Liberals have first refusal on Croydon, because Mr Roy Jenkins is standing as an SDP candidate in the first by-election since the new party was formed, in Warrington.

Croydon Liberals have adopted Mr Bill Pitt as their candidate, but yesterday's agreement could leave the door open for Mrs Shirley Williams to stand if she wants to.

Government attacked on flags of convenience

BY IVOR OWEN

BRITAIN'S determination to resist restrictions on free access to shipping was reaffirmed by Mr Reginald Eyre, Under-Secretary for Trade, in the Commons last night.

He rejected Labour criticism of the Government decision to oppose moves for action against "flags of convenience" at the recent meetings of the Shipping Committee of the UN conference on trade and development in Geneva.

Mr Stanley Clinton Davis, a Labour trade spokesman, who moved a Private Member's motion deploring the Government action, claimed that the "name of the game" for many shipowners who used flags of convenience was cutting costs regardless of risks.

He attacked British Underwater Engineering, 70 per cent owned by the National Enterprise Board, for sailing five submersible vessels under a Bermudian flag of convenience.

These vessels, he said, had Spanish crews, but were under control of a British master and certain other certificated officers when working in British waters.

Mr Clinton Davis protested that it was "extremely reprehensible and provocative" for the NEB to be party to use of flag-of-convenience vessels.

Mr Eyre underlined Britain's interest in preserving an "open world market" in shipping services by stressing that in 1980 gross overseas earnings of the shipping industry were ober £3bn.

Half these arose from "cross-trades," where UK ships carried cargoes neither to nor from the UK.

Had the Government supported the proposals backed by Mr Clinton Davis there would have been more harm than good to the shipping industry and jobs dependent on it.

Implementation of the proposals would have meant an international convention pledging closure of ports to shipping of certain non-signatories for nothing worse than keeping shipping registers too open to international investment.

U.S. urged to buy more British weapons systems

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. should buy more British-built weapons, Mr Geoffrey Pattie, Under-Secretary for Defence Procurement, urged yesterday.

He told a meeting of U.S. Republican Congressmen and officials at a Royal Commonwealth Society meeting in London that the UK, by striving to maintain all its plans, was spreading its effort too thinly, with the result that painful economies had to be made.

The U.S. could help in obtaining "more punch for the pound" by buying more of the UK's weapon systems.

"I say this not in obeisance to any ephemeral concept of the two-way street, but as an appeal to self-interest which I believe would be mutually beneficial," he said.

"If you were to buy certain systems from us, as we already do from you to a much greater extent, then the amount of equipment which we can afford to buy for ourselves increases.

"By this means both our defence efforts benefit: there are benefits for standardisation, inter-operability, logistics, in-service data—a whole host of eminently desirable results for us both.

"Good examples of what I have in mind are the purchase of the highly effective Rapier missile system by the USAF for their bases in the UK, and the prospects that the same system might meet the U.S. Army's needs for mobile light-weight air defence in the Rapid Deployment Force role.

Carlisle schools victory

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

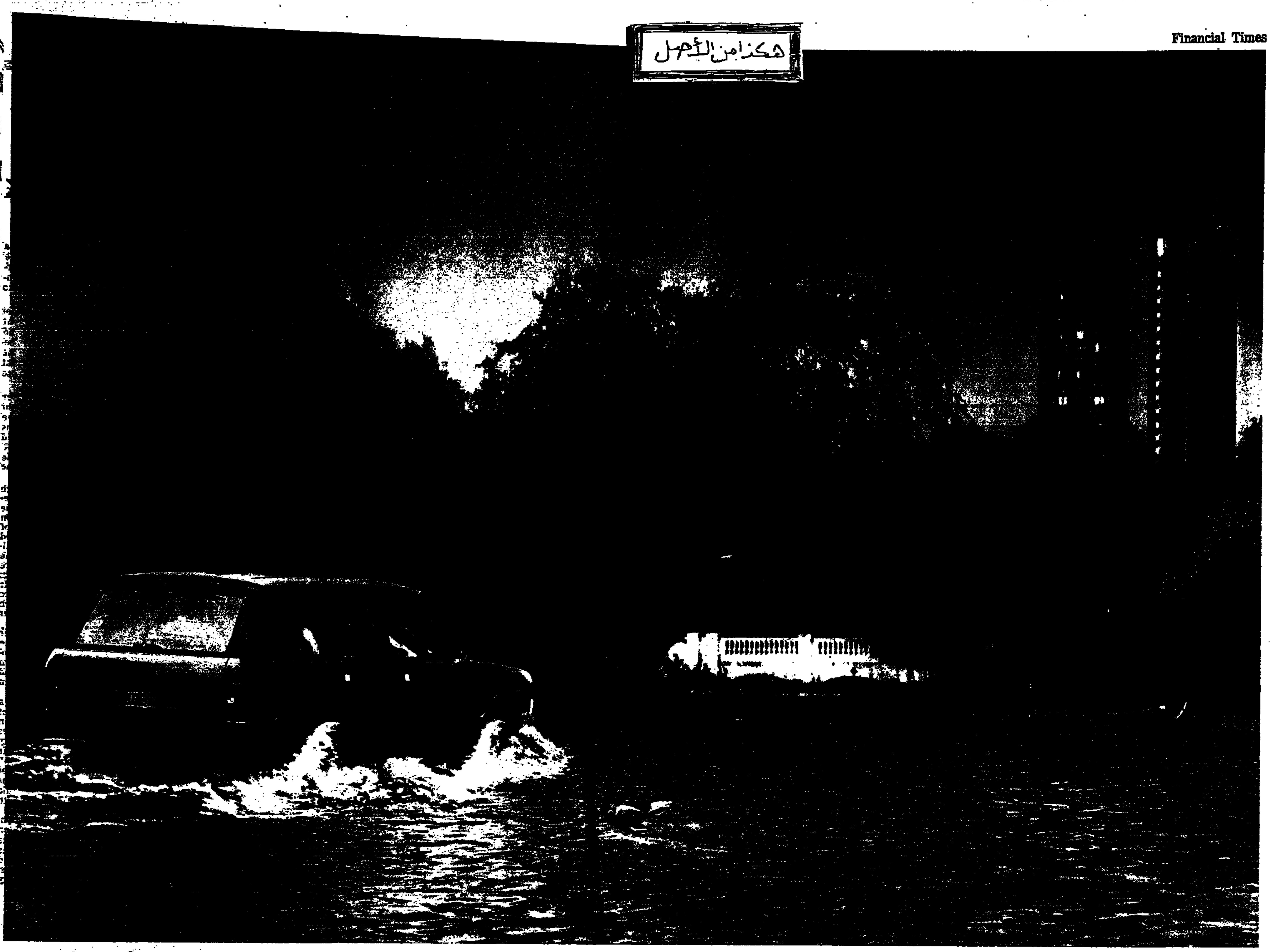
THE Customs and Excise was attacked by a Commons Select Committee yesterday for trying to charge VAT on fees for the Grampian local authority's part-time courses on grounds that they are not education but entertainment.

But in leading the attack Mr Christopher Price (Lab, Lewisham) unwittingly exposed his own party's policy on private schooling to punishment by Mr Mark Carlisle, Secretary for Education and Science.

As chairman of the committee on education, science and the arts Mr Price asked the Education Secretary to confirm on his Ministerial authority that the Customs and Excise was wrong to try to charge VAT.

Mr Carlisle obliged, saying he hoped all members of the committee agreed that no form of education should be subject to VAT. On seeing that they appeared to do so, he looked extremely pleased with himself.

He was clearly remembering that a major part of Labour's latest plan to abolish private schools is to charge VAT on their fees.



The four door Range Rover, when you're late for lunch at the Hilton.

Most four door luxury cars look impressive in a situation like that below.

But how many are still as impressive in a situation like the one above?

We reckon you can count them on the thumbs of one hand.

The car getting its wheels wet is in fact the new four door Range Rover.

Like the two door Range Rover, it takes situations like this in its stride.

It effortlessly climbs gradients that many people would think twice about walking up.

It tows unbelievably heavy loads. It crosses the most rugged terrain.

And it does all this in the kind of weather conditions you'd expect in Siberia or the Sahara desert.

THE BATTLE OF TRAFALGAR SQUARE.

The Range Rover is also a surprisingly well behaved beast in town.

Its 14-gauge steel chassis, power brakes and steering offer a tremendous feeling of security.

And its unique driving position gives an almost bird's eye view of the road.

Given the conditions of most big city roads, we would rather be in a Range Rover than almost any other car.

WHAT MORE DOES THE FOUR DOOR OFFER?

So much for the Range Rover in general, but what more does the four door version offer?

Apart from the obvious increased accessibility, we've made other changes.

The most obvious being to the interior.

You will notice for example how much more carpet we've fitted. (This can be easily removed for cleaning).

Upon closer inspection you will notice additions such as a cubby box between the front seats and pockets behind them.

Passengers will spot, too that there is more room in the back.

The addition of the rear doors has enabled us to move the seats back three inches.

We've also introduced a more sophisticated wash/wipe system.

IMPROVEMENTS UNDER THE BONNET.

The Range Rover is fitted with a high compression engine with a low lift camshaft.

The most significant improvement that this offers is on fuel consumption.

Not that we're quite down with the Mini Metro, but we do offer a 20% saving at a steady 70mph which is certainly not to be sniffed at.

Still under the bonnet, 22 degree helix gears and revised linkage have been introduced.

These offer two distinct advantages over the previous gearbox.

A greatly reduced noise level and, equally important, a better gearchange because of a narrower gate.

ARE YOU CUT OUT FOR A FOUR DOOR RANGE ROVER?

Of course, the four door Range Rover is a unique vehicle and like most unique items, not everyone is right for it.

The only way to discover if you're mutually compatible is to go on a test drive together.

This can easily be arranged at any one of our dealers.

All we ask is that you don't take a leaf out of the book from the gentleman above.

It frightens the ducks.

RANGE ROVER

And when you arrive.

JOBS COLUMN

Youth one step from triumph

BY MICHAEL DIXON

WHAT DOES the South-east Essex Sixth-form College have in common with the Duke of Kent, Shell UK, IMI and Spicers of Cambridge?

The answer is that all of them will take part in the finals in London next week of the 1981 United Kingdom management championship. The Duke will present the awards. The sixth-form pupils and the three companies will respectively receive either the first prize of £2,000 plus the FT championship bowl, the second of £1,000, the third of £750 or the fourth of £500. They will do so as the sole survivors of the 903 teams who entered the computer-based competition last January.

It would definitely be invidious of me, as the person who first suggested the running of yearly national management championships, to root for any one of the four. But in all honesty, on learning which organisations have got into the prize money these past few years I have found myself involuntarily humming that immortal line from the old St James's Infirmary blues. "They were serving drinks as usual," it goes, "and the usual crowd was there."

For the finals have been increasingly dominated by the big industrial and commercial battalions. Of this year's quartet, for instance, Shell UK has won the title last year and in 1978, and IMI came second in 1977 and fourth in both 1976 and 1980. Spicers, although in the final for the first time, is a part of the Reed International group.

But in the 12 years over which the championship has been organised by the FT, ICL and the Institute of Chartered Accountants in England and Wales with the CBI and the Institute of Directors as associate sponsors, only once has an educational establishment reached the last round. That was in 1972 when Oxford University's Oriel College took second place.

So be hanged to impartiality! I'm hoping that at the end of the contest a week on Thursday the Duke of Kent will hand the first prize to the team of sixth-formers, which as far as I can remember is also the first finalist side to have a female majority.

The players are Hilary Bonner, Louise Bright, Susan North, David Wilson and Alan Jarvis.

Although they may lack the practical business experience of their opponents, they are coached by economics teacher John Hearn who guided previous teams from the college to victories in the UK schools' management games of 1977 and 1978. And the fact that they come from Essex could be a good omen for them. The only team from outside business ever to win the championship, which beat Oriel College into second place nine years ago, was from Essex County Council.

No comment

BY CONTRAST, the Jobs Column will scrupulously refrain from any hint of bias in reporting a development at Lloyds Bank. It is that on October 1 Lloyds will not only form a group economics department but also, unlike other banks, site it next-door to the head office rather than keep it at a long arm's length. Whether that is good or bad news is something readers must decide entirely for themselves.

The only reason why I brought up the matter is that the first job-opening arising therefrom is for a regional economist, and the bank's economic adviser Christopher Johnson wonders whether any of this column's younger readers might like to apply.

He says the recruit will be required to write, speak and make projections on economic and financial developments in the UK, the U.S., Canada and other major money and foreign-exchange markets. In addition, whoever gets the post will hold the assistant editorship of the Lloyds Bank Review and Lloyds Bank Economic Bulletin.

Candidates should have a good degree in economics and knowledge of statistical and econometric techniques. They should have worked as an economist in business, public services, teaching or research, or even financial journalism. At £14,500, the salary would rank immediately below the median for the data processing manager who, as this column showed on June 18, ranked 21st in the salary pecking order for City banking staff. The perks include cheap housing loans and free lunches.

Inquiries to the economic adviser of the bank at P.O. Box 215, 71 Lombard Street, London EC3P 3BS; telephone 01-626 1500 extension 2203.

Fixed interest

WHILE WE are in the City and not far from the topic of expressing bias, to whom would you think recruiter Philip Egerton is referring when he says: "Politicians distrust them because in their detached and discerning way they may refuse investment support for unrealistic policies?"

He of course means the managers of investment funds, and he is seeking one to take charge of an international fixed-interest portfolio in a City merchant bank. As is the case with the other headhunters to be mentioned today, he may not name the employer and so promises confidentiality to any applicant who requests it.

Candidates need a minimum of five years success in managing a similar large portfolio, plus detailed understanding of Euro money markets and the domestic bond markets of the major capitals of the world. Experience of equity investment, while not essential, would not be sneezed at.

The preferred age range is 30 to 40, which no doubt accounts for the width of the quoted salary bracket. It is £20,000 to £27,000 with other benefits of usual City kind.

The address for inquiries is Philip Egerton and Associates, 178-179 Piccadilly, London W1V 9DB; Tel. 01-499 2215, telex 28146 Reg G.

Worldwide

AN EXPORT DIRECTOR is wanted by headhunter Dirk Degenhart to work from the Midlands as a board member of the carpet-manufacturing subsidiary of a large group. The main emphasis of the job will be further expansion of overseas contract sales of the company's established woven and tufted carpets, but the newcomer will also be expected to develop foreign markets for a recently introduced range of house carpeting, especially through departmental and specialist stores abroad.

Applicants require experience of the overseas marketing of floor-coverings which has provided sound knowledge of the preferences of potential buyers in different countries and of the channels of distribution available. Ability to manage overseas agents and distributors as well as to work out longer-term marketing and pricing policies is wanted. And the recruit will need to see that the overseas customers are never forgotten by the company's design, production and even financial managers.

Considering the responsibilities of this job, I am surprised to see Mr Degenhart talking about a starting salary of no more than £12,000. But the reason is possibly that the company would take someone as young as 28 if she or he had the experience desired. For someone more firmly established, I feel that a good deal more would be available. The perks include a car.

Inquiries to the recruiter at Dirk Degenhart and Partners, 140 Sloane Street, London SW1X 9AY; Tel. 01-730 5608 or 0341, or 01-994 7620.

Offshore

BRIAN SALTZER of West One Selection is seeking someone to work in London as a senior structural design engineer for the offshore industry.

Candidates should be graduate engineers and members of the Institute of Structural Engineers. A minimum of five years of similar design work on "topside and jackets" is required. Also wanted are experience of organising manpower and man-hour budgets and estimates, and knowledge of relevant design codes and computer applications.

The salary indicator is at least £20,000.

Inquiries to Mr Saltzer at P.O. Box 4QZ, 61 Berners St, London W1A 4QZ; tel. 01-636 8791, telex 28604 ref 3013.

PERSONAL

GOODWOOD RACES — JULY MEETING 1981. Private luncheon facilities accommodating 12 or 24 persons available in Tented Pavilion on July 28, 29, 31 and August 1. Tel: Chichester (0243) 527107.

PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL
£3m Bills issued 8th July, 1981 due 7th October, 1981 at a rate of 12.109375% per annum. Applications totalled £19m and Bills totalling £10m are outstanding.

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COMPANY NOTICES

RHYTHM WATCH CO. LTD.
(Rhythm Tokei Kogyo Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

NOTICE IS HEREBY GIVEN to holders of EDRs that Rhythm Watch Co., Ltd. paid a dividend of Y3.00 gross per Share on 30th June 1981 to shareholders on the Company's register at the close of business on 31st March 1981. This dividend has been converted to US Dollars and amounts to US$13.12 gross per EDR.

Accordingly, Kleinwort, Benson Limited as Depositary informs holders of EDRs that they should claim their dividends by presenting Coupon No. 8 on or after 8th July 1981 at (a) the office of the Depositary, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB or (b) the office of the Agent, Banque Internationale a Luxembourg S.A., 2 Boulevard Royal, Luxembourg.

Coupons must be left for three clear business days for examination, and may be presented on any weekday (Saturdays and public holidays excepted) during normal business hours.

Japanese withholding tax at the rate of 20 per cent. will be deducted from the gross value of all dividends paid unless the EDR holder lodges, in a form acceptable to the Depositary, an affidavit of residence in a country having a tax treaty or agreement with Japan providing for a lower rate of withholding tax, in which case such lower rate will be applied.

The difference between the amount of withholding tax so deducted and the standard rate of income tax payable in the United Kingdom will also be deducted from all dividends paid in the United Kingdom unless holders of EDRs furnish the Depositary with the usual affidavits of non-residence in the United Kingdom.

KLEINWORT, BENSON LIMITED
Depositary.

London
2nd July 1981

NEW BULOH KASAP COMPANY LIMITED

Coupon No. 43 from Ordinary Share Warrants to Bearer and Coupon No. 28 from Deferred Share Warrants to Bearer of the above-mentioned Company may now be presented to National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES, for payment on or after the 8th July 1981 at the rate of £1.47 per Ordinary Share and £0.28 per Deferred Share.

United Kingdom Income Tax at the rate of 30% will be deducted unless the coupons are accompanied by an appropriate Inland Revenue declaration.

Postal applications cannot be accepted.

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED

Holders of Share Warrants to Bearer are informed that they will receive payment of the dividend for 1980 of 27½p per share on and after the 7th July 1981 on surrender of Coupon 52 at the office of the Bank, Bankside House, 107-112, Leadenhall Street, London, EC3A 4AE. Coupons must be left three clear days for examination.

N. M. PEGGIE,
Secretary.

Bankside House,
107-112, Leadenhall Street,
London, EC3A 4AE.

COMPANY NOTICES

BAYER AKTIENGESELLSCHAFT

Rights Offer to Shareholders

The Board of Management, with the approval of the Supervisory Board, has announced an increase of share capital by DM.265,000,000 to DM.2,530,000,000. A banking consortium has subscribed for DM.254,650,000 nominal of new shares and is offering them at a price of DM.100 per share of DM.50 nominal each to the Company's shareholders and holders of its 5% Convertible Loan Stock of 1969 and holders of Option Certificates in respect of the 6% U.S. Dollar Bonds of 1969 and 7¼% U.S. Dollar Bonds of 1979 of Bayer International Finance N.V. on the following basis:

(a) One new share of DM.50 for every ten shares of DM.50 nominal held
(b) One new share of DM.50 for every DM2,000 nominal value of 5% Convertible Loan Stock of 1969 held.
(c) Nineteen new shares of DM.50 for every ten Option Certificates in respect of 6% U.S. Dollar Bonds of 1969 held.
(d) One new share of DM.50 for every ten subscription rights for Bayer shares of DM.50 nominal in respect of 7¼% U.S. Dollar Loan of 1979 held.

The new shares, which will rank for one half of the dividend for the financial year 1981 are being offered on the terms of the Company's Announcement dated 7th July, 1981. Copies of this announcement with an English translation thereof, are available on request at the office of the London Paying Agent, S. G. Warburg & Co. Ltd. Application for admission of the new shares to the Official List will be made to the Council of The Stock Exchange, London. Dealings in the new shares are expected to take place from 31st July, 1981.

PROCEDURE IN THE UNITED KINGDOM

Holders in the United Kingdom wishing to take up rights must lodge the following:

Bearer Share Certificates—Coupon No. 38
5% Convertible Loan Stock of 1969—Receipt C
6% U.S. Dollar Bonds 1969—Receipt C
7¼% U.S. Dollar Bonds 1979—Receipt A

together with lodgement forms during the subscription period from 13th July, 1981 to 23rd July, 1981 inclusive at the offices of one of the London Paying Agents named below:

Hambros Bank Limited,
41, Bishopsgate,
London, EC2P 2AA

Hill Samuel & Co. Limited,
100, Wood Street,
London, EC2P 2AJ

Kleinwort, Benson Limited,
20, Fenchurch Street,
London, EC3P 3DB

S. G. Warburg & Co. Ltd.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL

between 10.00 a.m. and 3.30 p.m. where lodgement forms are obtainable.

Payment may be made in full on application or at the latest by 27th July, 1981. Temporary Receipts will be issued thereafter.

Holders wishing to make payment in Sterling should agree the applicable rate of exchange with the London Paying Agent.

Subscribers will be advised at a later date when the new share certificates are available to be exchanged for Temporary Receipts.

THE BOARD OF MANAGEMENT

Leverkusen,
7th July, 1981.

SUNBELT HOLDINGS S.A.
(R.C. Luxembourg B18113)
Societe Anonyme
43 rue Goethe, Luxembourg

Increase of share capital by RIGHTS ISSUE to existing shareholders of one new share for every five existing shares held

150,000 new shares are to be offered to existing shareholders of the company by the offer of the right to subscribe for one new share for every five existing shares held at the price of US$10 each.

The shares to be issued will be of the same class as the existing shares and will rank pari passu with regard to dividends, voting rights and participation in liquidation.

The offer to existing shareholders is fixed at US$10 (ten US dollars) per share, and is payable in full on 31st July 1981.

The 150,000 new shares will be on offer during the period from 8th July 1981 to 22nd July 1981. Subscription will be received at the offices of:

Lazard Brothers & Co. Ltd.
21 Moorfields, London EC2P 2HT

Rights to subscription, represented by coupon number 1, will be listed on the Luxembourg Stock Exchange during the period from 8th July 1981 to 17th July 1981 inclusive.

Rights not exercised within this period will be sold on the Luxembourg Stock Exchange, under the control of The Stock Exchange Commission on 27th July 1981. These rights will be represented by scrips authorising subscription without any charge, for the remaining shares available at the price and in the proportion mentioned above.

Shareholders who have not exercised their rights by 31st July 1981, will have no further right to subscribe, and will receive the net proceeds of their rights after deduction of all charges of any nature. These proceeds will be held at their disposal at the registered offices of the company for a period of 30 years.

The notice prescribed by article 33 of the Luxembourg Law of 10th August 1915 has been lodged with the Chief Registrar of the District Court of Luxembourg, where it may be inspected and copies thereof be obtained on request.

Quotation:

Application to list the new shares on the Luxembourg Stock Exchange will be made.

OMRON TATEISI ELECTRONICS CO.

Advice has been received from Tokyo that payment of a Cash Dividend of Yen 5.00 per share has been made for the six months period ended 31st March 1981.

The dividend will be payable in United States Dollars (except to residents of the United Kingdom) and will amount to $0.1104 per Depositary share before deduction of any Japanese Withholding Tax.

RESIDENTS OF THE UNITED KINGDOM will receive payment in sterling converted at the rate of exchange ruling on the day of presentation of the coupons.

RESIDENTS OF THE FOLLOWING COUNTRIES who are subject to deduction of Japanese Withholding Tax at the reduced rate of fifteen per cent. will receive a net dividend of $0.0939 per Depositary share after reduction of Withholding Tax amounting to $0.0165.

Australia, Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Italy, Malaysia, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, The United States of America.

RESIDENTS OF ALL OTHER COUNTRIES (EXCLUDING THE REPUBLIC OF KOREA) who are subject to deduction of Japanese Withholding Tax at the full rate of twenty per cent will receive a net dividend of $0.0884 per Depositary share, after deduction of Withholding Tax amounting to $0.0220.

RESIDENTS OF THE REPUBLIC OF KOREA who are subject to deduction of Japanese Withholding Tax at the reduced rate of twelve per cent. will receive a net dividend of $0.0972 per Depositary share after deduction of Withholding Tax amounting to $0.0132.

To obtain payment under deduction of Japanese Withholding Tax at a reduced rate, the coupons must be accompanied by an affidavit of residence approved by the Japanese Ministry of Finance. Forms of affidavit are available at any of the offices listed below. In the absence of such affidavit coupons will be paid under deduction of Withholding Tax at the full rate of twenty per cent.

Attention is drawn to the fact that the aforementioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within five months of the record date, i.e. 31st March 1981. Thereafter, tax will be deducted at the full rate of twenty per cent and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund to which he is entitled.

HOLDERS OF BEARER DEPOSITARY RECEIPTS (B.D.R.'s) wishing to claim this dividend should present Coupon No. 32 at the Offices of any of the following:

HILL SAMUEL & CO. LTD., 45 Beech Street, London EC2P 2LX (where lodgement forms are available).
KREDIETBANK S.A. LUXEMBOURGEOISE, 43 Boulevard Royal, Luxembourg.
BANK OF TOKYO LIMITED, 4-8 Rue Sainte-Anne, Paris 1, France.
BANK OF TOKYO LIMITED, Immermannstrasse 43, 4000 Dusseldorf 1, Federal Republic of Germany.
BANK OF TOKYO LIMITED, Avenue des Arts 47 49, 1040 Brussels, Belgium.
BANK OF TOKYO LIMITED, Sutherland House, 3 Chater Road, Hong Kong.
BANK OF TOKYO TRUST CO., 100 Broadway, New York, U.S.A.

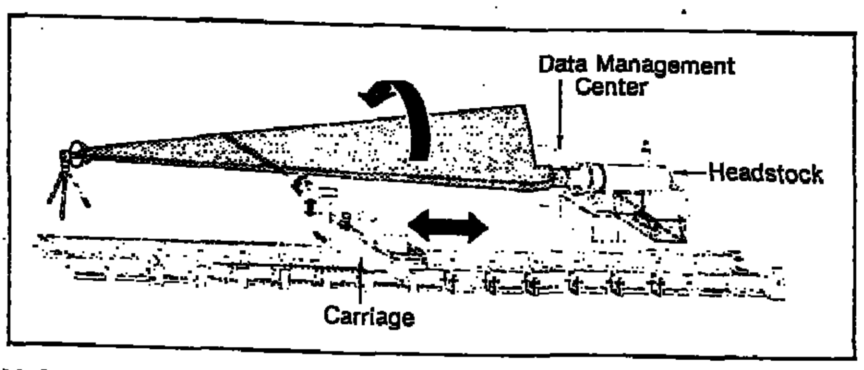
IN THE CASE OF COUPONS PRESENTED FOR PAYMENT IN LONDON, United Kingdom Tax will be deducted from the proceeds unless accompanied by an Inland Revenue Affidavit of Non-Residence.

7th July 1981.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

PLANT AND MACHINERY



United Technologies' plant in East Granby, Connecticut, where giant turbine blades are manufactured; left, an artist's impression of the complex blade forming technology based on computer systems in the data management centre

CEGB plans to farm the wind

BY DAVID FISHLOCK, SCIENCE EDITOR

Windmill blades of the size illustrated here, almost as long as the shaft of Britain's biggest turbo-generators, may be spinning in England by the mid-1980s.

The Central Electricity Generating Board plans to invite tenders towards the end of 1983 for its first megawatt windmill.

Meanwhile, it is about to choose from among half-a-dozen British tenders for a prototype windmill of about 100 KW output.

The grand plan of the CEGB is to complete, by about 1990, Britain's first "wind farm." This is the American term for an array of windmills — aerogenerators, as they are called today—constituting a small power station.

The CEGB plan is to erect about 10, each capable of generating upwards of 1 MW, and couple it to the national grid.

Aerogenerators

It wants to build this wind-farm on the eastern side of England and has selected three sites, all on land it already owns. They are at Bradwell in Essex, site of a small nuclear power station; at Richborough in Kent, site of a coal-fired power station; and at Wigsley near Lincoln on a disused airfield.

As a precursor, however, it plans to build a much smaller aerogenerator and has applied for planning permission for a site on Carmarthen Bay in Wales. The CEGB admits that it simply has no idea how the "environmentalists"—or, for that matter, ordinary people—in Britain will react to aerogenerators. Will they see them as tourist attractions—or as the object of abuse?

But if wind power should ever become competitive with other energy sources in Britain, and also prove publicly acceptable in the countryside, the electricity supply industry will need them in large numbers.

Hence its interest in knowing, for example, just how tightly they can be clustered without mutual interference — the "wash" from one upsetting the next in line.

Britain's first windfarm is likely to be a demonstration of a number of different machines, depending on which designs survive the next crucial year or two for aerogenerators.

Two U.S. aerospace groups, Boeing and the Hamilton Standard division of United Technologies, are currently favoured; although one CEGB executive adds that others, including Swedish and Danish companies, may not be far behind.

Boeing is building a 2.5 MW aerogenerator for a Californian utility, Pacific Gas and Electricity. It is also competing for a scheme of the same utility, to establish a windfarm of as many as 146 areogenerators.

But Boeing was beaten by Hamilton Standard in the competition for a smaller windfarm, on the island of Oabu in Hawaii.

For this $350m project of the Hawaiian Electricity Company the contractor, Windfarms of San Francisco, has chosen Hamilton Standard's latest areogenerator, a 4 MW design.

This design has not yet been tested. But the company has two big machines under construction. One is a 3MW machine for Sweden, and the other a 4MW machine for the U.S. Department of the Interior, to be built on the prairie near Medicine Bow, Wyoming.

Both machines will have blades —the sails of the windmills of yesteryear—127 feet in length, as shown in the photograph. From tip to tip they will stretch about 260 ft.

The blades will be mounted on a nacelle the size of a rail truck, that houses the generator, which itself will be atop a tower about 260 ft tall.

As Hamilton Standard puts it, the 4MW aerogenerator will bear as much resemblance to the familiar old Dutch windmill with its slow-turning wooden machinery as a jumbo-jet bears to Lindberg's Spirit of St. Louis.

Experience with big windmills since the 1940s suggests that the key component is the blade. So far it has shown a disconcerting tendency to break off.

Aerogenerators have, very aptly, been likened to fatigue-testing machines in which the blade and its root is the part being tested.

At East Granby, Connecticut, Hamilton Standard has set up what it claims to be the only factory in the U.S. designed to make aerogenerator blades.

In a hangar-like workshop it is fabricating the 15-ton blades from glass-fibre reinforced resins, by techniques developed for the latest helicopter blading, and before that for rocket motor casings.

Blade forming

Glass-fibre strands, coated in liquid resin, are wound round a complex assembly of aerofoil-shaped formers to build up the blade. But the blade both curves and tapers, so the winding process requires close control to maintain consistency in the mechanical and physical properties of the finished part.

So the glass-fibre reinforcement is wound under computer management, with the computer controlling the speed of rotation of the former and the movement of carriage and headstock. According to the company, without computer control so big a blade could not be made satisfactorily.

Once would, the blade goes into a gas-fired oven for curing. Finally it is shipped to the site of the aerogenerator in a specially designed truck.

Hamilton Standard's machine has been designed for windspeeds rather higher than those expected in East Anglia or Kent. The company claims it will operate over the range 15-60 miles/hour — and will even survive fale-force winds of 125 miles/hour.

The CEGB engineers have been impressed by the scale of U.S. development effort on big aerogenerators, and by the investment in manufacturing technology designed to improve reliability and reduce unit cost.

But the door remains open for British industry, they say. While they believe that the first — perhaps the first few — aerogenerators for their windfarm will be bought from the U.S., probably either from Hamilton Standard or Boeing, they believe British companies could be ready to tender for the later machines, for construction in thel ate 1980s.

But they expect the basis of such tenders to be a technological collaboration in which Britain is licensing the noval producr and manufacturing experience.

How to call a cab using a computer

LATER THIS year Londoners will be able to take advantage of a computer-assisted UHF radio taxi service called Computer Cab.

Launched by London-Wide Radio Taxis, Computer Cab will employ a Honeywell DPS 6 computer and Storno radio transceivers.

Incoming calls from people wanting a cab will be automatically channelled by a microcomputer-based system to the first free member of a team of telephone operators equipped with visual display terminals.

Job details will be keyed directly into the computer as they are given over the telephone and all the jobs will be immediately stacked by the DPS 6 and will appear on the visual display unit of a vehicle despatcher. Advanced bookings will be stored for future action.

Each job and its location will then be radioed to the drivers by means of a network of transmitters in the London area. In each cab, the driver will be able to accept a job simply by pressing a button on the control panel which will immediately register his call sign with the computer.

The driver will hear a tone signal if his bid for the job is accepted; then all he has to do is press a further switch to obtain full details of the assignment.

Details of completed jobs are stored in the computer for accounting purposes. The machine will produce monthly statements for the drivers showing details of their earnings. Invoices will be printed automatically for credit account customers.

The problem faced by London-Wide Radio Taxis according to Geoff Kaley, managing director, is that the company is "rapidly approaching the point where it has the maximum number of taxis that can be handled with a manual system while still providing an adequate service."

POINTERS

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

Conductivity

PYE UNICAM says that its PW9506 Digital Conductivity Meter is designed to provide routine conductivity measurements on a wide range of aqueous solutions and is easy to use.

With a cell constant in the range of 0.5 to 1.0 conductivities at 20°C (or 25°C) are displayed in mScm−1 on a 3½ digit LED display.

For direct measurement four switched ranges are available with full scale readings .1999, 1.999, 19.99 and 199.9. An output for use in replatinising conductivity cells is provided.

Elastomer

PARTICULARLY SUITABLE for such items as O-rings, shaft seals, packings and mouldings for service in harsh fluid and vapour environments is a new fluoroelastomer from Dupont called Viton GF.

Dupont believes this to be the most fluid-resistant elastomer it has yet produced, surpassing the Viton "A" types of the 1950s and the "B" varieties of the 1960s in terms of resistance to steam, inorganic acids, phosphate esters and polar solvents.

For example, after 20 days exposure at 21 degress C to methanol, Viton B swells in volume by about 27 per cent while the new GF material suffers only 3 per cent.

GF has been undergoing testing for several years and was developed to resist petrol/alcohol blends, synthetic lubricants, water-based hydraulic fluids and high sulphur crude oils.

The polymer has a higher level of fluorine and so gives better resistance to phosphate esters and polar solvents in comparion with fluoroelastomers at present on the market.

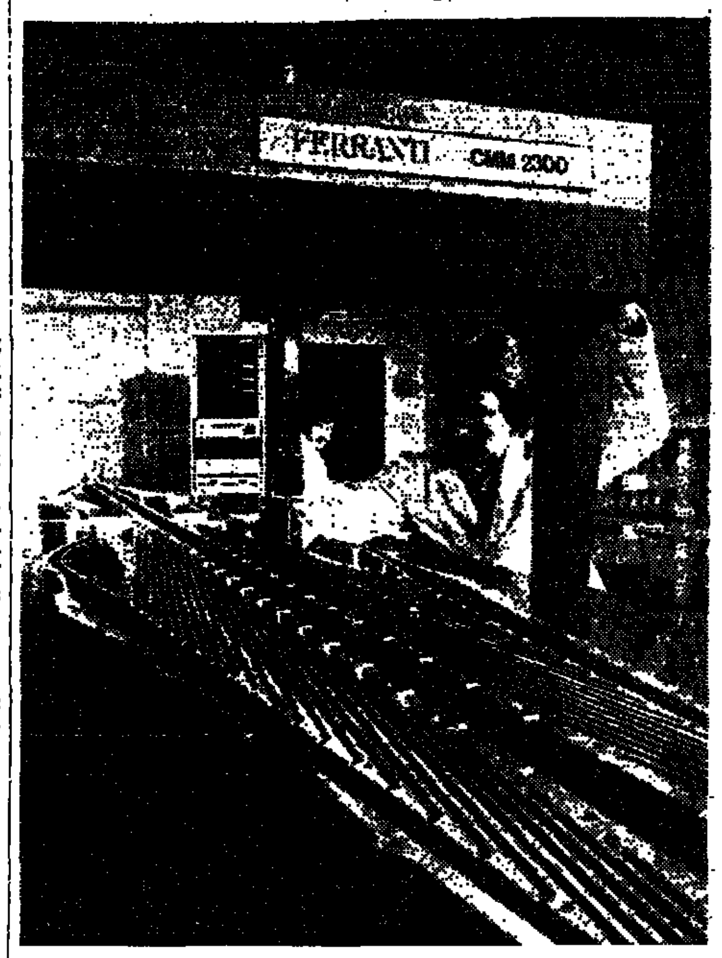
Typical applications will be in helicopter rotor seals, oil well packer seals, car radiator seals and heat exchanger gaskets.

More from Dupont at P.O. Box CH-1211, Geneva 24.

Strapping

A STRAPPING machine for uses where hand strapping is too slow but output does not warrant a fully automated flowline, has been introduced by Lawtons of Liverpool from whom more information on the Lawco Superstrapper can be obtained on 051-227 1212. Its yokeless flat design enables the machine to cope with random sizes and shapes of packs, boxes, cartons, bales and bundles.

Dimensional checking



THIS Ferranti co-ordinate measuring machine is being used to make dimensional checks on a surveillance radar aerial feeder at Marconi Radar Systems, Chelmsford—with a resolution better than 0.001 mm and a repeatability of 0.005 mm.

Although based on an existing Ferranti design, the machine is unusual in being able to maintain accuracy over the 20 ft length of the feeder.

It has ranges of 6,000 mm and 900 mm in the two horizontal directions and 400 mm in the vertical; the facilities to cope with the extra long X-axis range were not available at Ferranti's Dalkeith factory and the manufacture, test and installation of the unit was carried out by the Cranfield Unit for Precision Engineering.

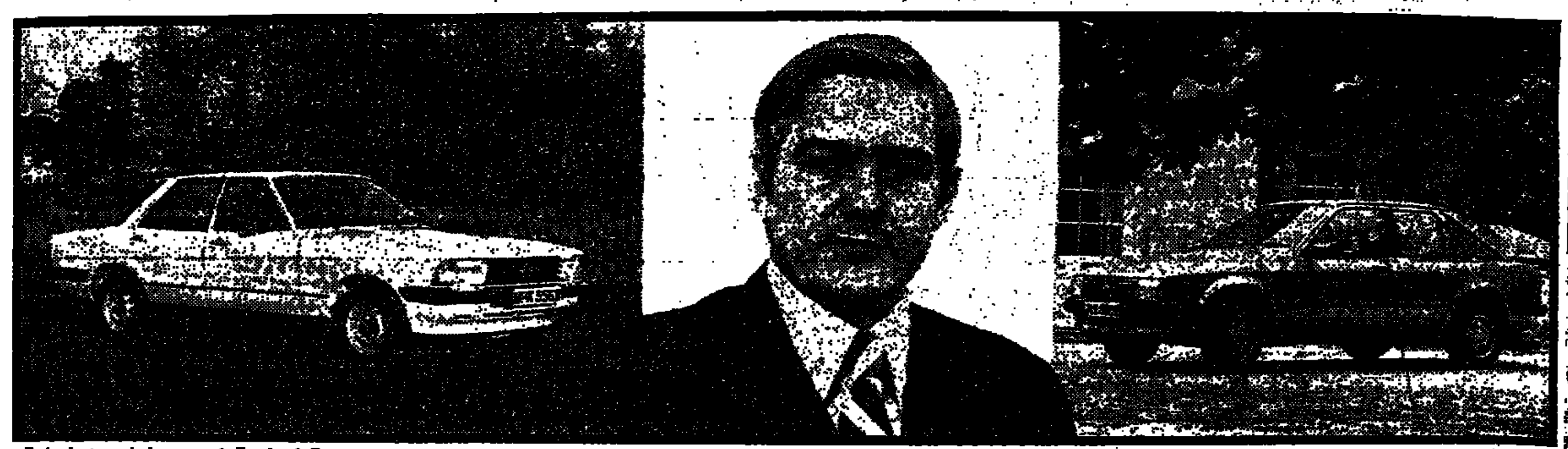
At Chelmsford, the complete machine has been installed in a room with precise temperature control at 20 deg C. Otherwise, expansion or contraction of the machine's cast-iron table and that of the aluminium feeder could be greater than the tolerance of the readings being taken.

Branded oil

HYDROVANE has introduced a branded oil which, it says, gives a five-fold increase in time between oil changes for users of its rotary vane air compressors. It will be available through the Redditch-based CompAir Group company's distributor network in 5-litre cans. More on 0527 25522.

Ford's European optimism on trial

Kenneth Gooding presents Ford's case against allegations that its problems are piling up



Bob Lutz, chairman of Ford of Europe, and two of his best sellers: the new Escort (right) is being produced at full capacity, but the Cortina/Taunus will be replaced, in autumn 1982, with a new model to compete with General Motors' new "J" car

THE OUTWARD evidence suggests that all is not well within Ford of Europe.

Exhibit One: The company seems to have suffered more than many of its rivals at the hands of the Japanese and in 1981 saw its European market share decline for the second successive year from 12 to 11 per cent—or more than 100,000 cars.

Exhibit Two: Ford has been foremost among the companies shouting loudly that European Governments should wake up to the Japanese threat to the motor industry—which could suggest that Ford itself feels the need for protection because of some current weakness.

Exhibit Three: The recent apparent mass desertion by senior executives. In the space of a few months the chief executives of Ford of Britain, Ford of West Germany, Ford of Spain and Ford of France all left.

Exhibit Four: The widely-held theory that for some time Ford of Europe has been propping up financially the rest of the Ford operations. The parent in Dearborn, Michigan, incurred a $1.5bn loss in 1980 and there have been suggestions that Ford of Europe has had to curb its own investment plans because of the money troubles within the rest of the group.

As usual, the case made from the inside is very different. Far from presenting a picture of gloom, Bob Lutz, chairman of Ford of Europe, remains supremely confident and ebullient.

Ford of Europe is responsible for co-ordinating production, sales, finance and product planning throughout the Ford companies in Europe. It is particularly concerned with relations between Ford of Britain and Ford of Germany, which each contribute roughly one-third of total sales and own most of the production capacity.

The organisation was established in 1967, long enough ago to have enabled it to settle down into a smooth operation. Lutz certainly insists that the British and German companies have buried their differences and "while they are still totally individual companies, the degree of mutual co-operation is absolute.

"We now have a very efficient structure because there is a sharing of the load between the two source companies that is quasi-total with very little duplication of effort. So we have been able to reduce the fixed cost per unit sold and have all the benefits of size without the drawbacks.

"That gives us a substantial advantage over General Motors. And, by having two domestic markets instead of one, we have an advantage over Volkswagen and Renault, whom we consider to be our main European rivals."

Generation of products

Not only does Ford of Europe have an efficient structure, since 1972 it has been producing an integrated model range of over 1m cars a year to common European designs. So it has been a highly-profitable business, making profits unofficially estimated at around £1bn in the best year, 1979.

That past profitability has, according to Lutz, allowed Ford of Europe to "invest massively in facilities and new generations of products."

He insists that the parent group's financial problems have had absolutely no impact on Ford of Europe's investment programme. The only project to be deferred indefinitely was a further assembly plant. "But that was to do with the market growth of the Japanese who eliminated all the extra volume: it had nothing to do with corporate restraints."

"If there was to have been an impact we could have cancelled the £10m paint shop going into Halewood. This (cancellation) would not have been visible to outside observers and it mainly involves improving the environment at the plant. And there was still time to cancel the Cargo truck project when the mother company ran into its worst problems."

(The Cargo range of 27 medium-weight trucks was launched to replace the 16-year-old D-series in March this year. It involved an investment of £125m mainly at the Langley, Berkshire, plant in the UK.)

Lutz points out that it is simply not true that Ford of Europe is the only profitable part of the Ford empire. There are many other profitable elements and it is only the North American car business which has been struggling. "But there has never been any question over its survival."

Ford of Europe itself is not making as much money as it used to because sales of bigger more profitable cars are down and so is the total market. Ford of Britain's taxable profit fell from £386m to £225m last year while Ford of Germany saw a DM 483m (£103m) profit dissolve into a DM 463m (£98.7m) deficit.

Lutz, who is 48, worked for General Motors and BMW before switching to Ford in Germany. He has the reputation of being a car enthusiast. That enthusiasm and the knowledge behind it should stand him in good stead during the next few years as he attempts to steer Ford of Europe away from a direct collision with the Japanese.

As Lutz sees it, the Japanese are taking over the area where Ford used to stake its claim to the market — that is the provision of "efficient, no-nonsense, no-frills, high-value-for-money, reliable transportation with good resale value.

"My goal," he says, "is to be a mass producer of the type of cars BMW and Mercedes have a reputation for making. We will move up market in technology and credibility so we get the same price elasticity as they have."

He reckons Ford is "half-way there in the UK already." But the other domestic market, West Germany, will provide a much tougher nut to crack. It will take many years for Ford to change its image there and the company will only be able to do so by producing the kind of cars Lutz hopes to provide.

"I see a tremendous acceleration in Ford product effort over the next three to five years. There will be a quantum leap forward—that is the kind of jump we will take aesthetically and technologically compared with the evolutionary steps we have taken in the past."

For example there is an enormous difference between the new front-wheel-drive Escort and the old model which bore that name.)

"Of course that involves an element of risk. But I think it is well-measured and well-calculated risk. I think the chances of failure are minimal in the time period we are talking about—a time when there is an acute awareness of what a car costs to operate.

"On the other hand the benefits or rewards of success are huge. So on balance, while I think our product programme is very aggressive and very different, I also think it is going to be successful beyond anything we have done so far."

Lutz suggests the arrival of the Japanese in strength in Europe gave all the local manufacturers a jolt and showed them that it was no longer possible to assume that a certain minimum market share was there for the taking if the dealer network was strong enough.

"At Ford we now realise that, rather than having our own internal targets which we then plan products around, we should plan our products for the market and whatever comes out at the end is the reward for having done it right.

"That doesn't mean we have thrown financial discipline to the wind. But I guess you have to say that it is now product and manufacturing technology first and everything else is an ancillary structure supporting that."

The investment in manufacturing technology over the next five years will "remove from manufacturing substantial amounts of variable costs like the time and materials to put the cars together. Some of that will be achieved with automation but not solely with automation."

Lutz points out that in a large organisation results come from a team effort. "But the head person can set a tone, create a climate in which things can happen." And there is no doubt that Lutz has created a climate within Ford of Europe which encourages people to come forward with product ideas. However radical their theories might seem, they know they will at least get a hearing.

Perhaps the climate was not favourable for those who left?

Not so, insists Lutz. He points out he was very sorry to see Sir Terence Beckett leave Ford of Britain for the Confederation of British Industry—"but he really felt he could do something for Britain."

Carl Levy, managing director of Ford of Spain, and Vic Dial, chief executive of Ford of France, were both "offered substantial increases in responsibility and remuneration by competitors who wanted them." (Levy is now chief executive of International Harvester's European and Middle East operations while Dial has become commercial director of Peugeot's Talbot subsidiary in Europe and the States.)

Personality clash

Only in the case of Peter Weiher, chief executive of Ford of West Germany, does there seem to have been some clash of personalities. Weiher is now sales director for Volkswagen of America.

Lutz believes that for the next year or so Ford will remain on a market-share plateau in Europe. It cannot squeeze many more Fiestas or Escorts out of its capacity. The Cortina/Taunus will be in its last year —it is to be replaced by an entirely new car, code-named Toni—and will face increased competition. In particular, General Motors' "J" car, to replace the Ascona/Cavalier range, is due this autumn.

"But then, because I firmly believe that the way to succeed in the automobile business is with products, I see a considerable increase in our European market share coming along over the next four years," says Lutz with unabashed confidence.

"1982 will be the last year where we will be at the present penetration plateau and then I see it going up. I'm looking for a 2 per cent increase (against the current 11 per cent). And that is a conservative estimate which assumes that the Japanese will be totally unrestricted in non-EEC markets and may in fact grow to dominate those markets.

"And it also assumes that companies like General Motors, Volkswagen and Renault are not going just to lie there and do nothing."

Ford is also betting on the European car market soon returning to an annual growth rate of 1½ to 2 per cent. "We will soon be back to 10.4m car markets, the 1979 level, and then 11m because a lot of car purchase deferrals have been made."

The fight-back in the German market is already paying dividends. Lutz maintains that the West German customers have given a heartening reception to the new front-wheel-drive Escort, launched last September —"especially the XR3 sports version which has done wonders for us."

Ford estimated that it could build the 1 per cent of the German market taken by the long-in-the-tooth old Escort to 3 per cent with the new one. In fact, the new Escort has been capturing a regular 5 per cent, helping push up Ford's total market share in West Germany from 10.5 to 15 per cent in the first quarter of 1981.

Lutz believes that it will be possible in Britain to exceed the current 30 per cent market share in short bursts. "We could get 35 per cent if the competition were weak. But above that the products become so ubiquitous that it is self-defeating and the customers look for something else. It will take considerable effort to stay in the low 30s but we will stay there."

Lutz sums up with: "My product philosophy is to get Ford cars out there that people desperately want, rather than cars they will buy because they are the lowest price on the market. You can't do that any more because the Japanese have taken that part of the market away from us. And after the Japanese it might be the Koreans or the Taiwanese.

"Ford will have cars people really want. There will be a reduction in manufacturing costs with an attendant increase in product quality. We have a strong distribution network all over Europe. All this makes me very confident that we are going to be expanding both market share and profitability."

Ford's case rests.

International bankruptcy

THIS first revision of the great Dalhuisen loose-leaf compendium on international insolvency and bankruptcy is most timely.

In the U.S. the further elaboration of the 1978 Bankruptcy Code, both in case law and by academic lawyers, necessitated some important changes and additions. In Europe the publication of the 1979 Redraft of an EEC Bankruptcy Convention gave rise to a detailed discussion of the new proposals and to an evaluation of the approach the Draft takes towards the problem of extra-territoriality generally.

In the U.S. the securing of assets of a foreign debtor has been the subject of a number of decisions since 1977, and in England the possibility created through the Mareva injunction in 1975 has been further developed in the courts.

Other developments include the French Cour de Cassation's acceptance in 1979 of the garnishment of the absent debtor's property in France; this was an important departure from established precedent and follows the Belgian and more limited Dutch approach in the matter. With the whole of Europe in mind, the creation of new jurisdictional bases through the device of attachment and garnishing is putting a severe strain on the 1968 EEC Judgements Convention (which the UK is poised to ratify) and creates problems for the European Court in Luxembourg.

In the field of secured transactions the proposals for a new Dutch Civil Code have been accepted by Parliament and are awaiting promulgation. They contain a substantial curtailment of secured rights if unregistered. In France, on the other hand, unregistered reservation of title is now recognised in bankruptcy through a change of the bankruptcy law in May, 1980, which was made following important case law developments in 1979. In England, reservation of title as elaborated in the 1976 Romalpa case has given rise to further case law.

Finally, West German case law has accepted the principle of equitable subordination of shareholders' loans, and extended it in 1980 to the ordinary trading debts owed by a bankrupt subsidiary to its parent company.

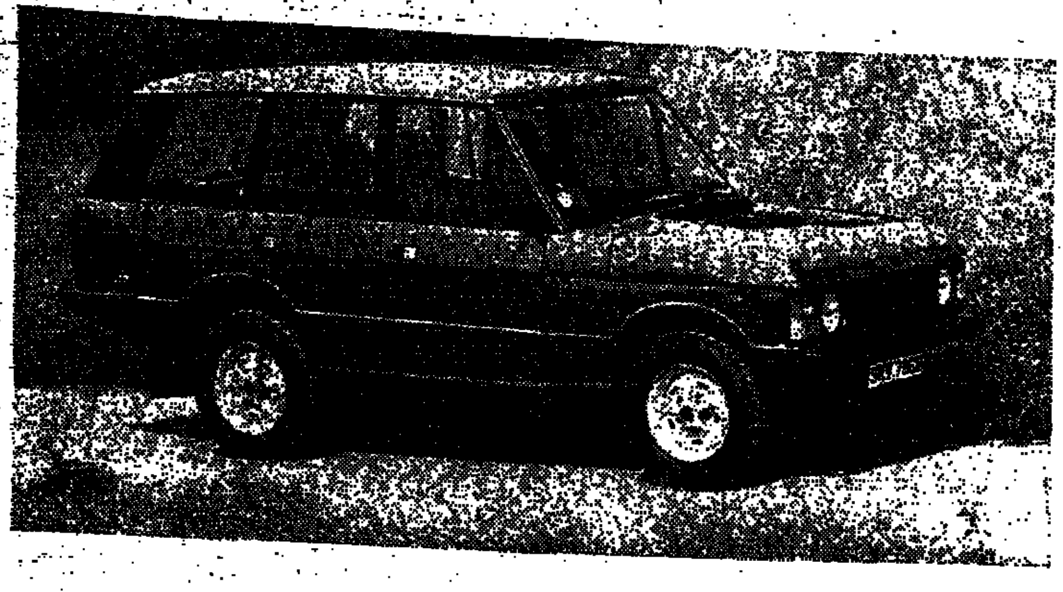
The current supplement records the above main developments, as well as a great number of other additions and clarifications which may prove of use to the practitioner.

Dalhuisen on International Insolvency and Bankruptcy—release 1—Revision April, 1981, by Jan H. Dalhuisen. Published by Matthew Bender, New York, $72.

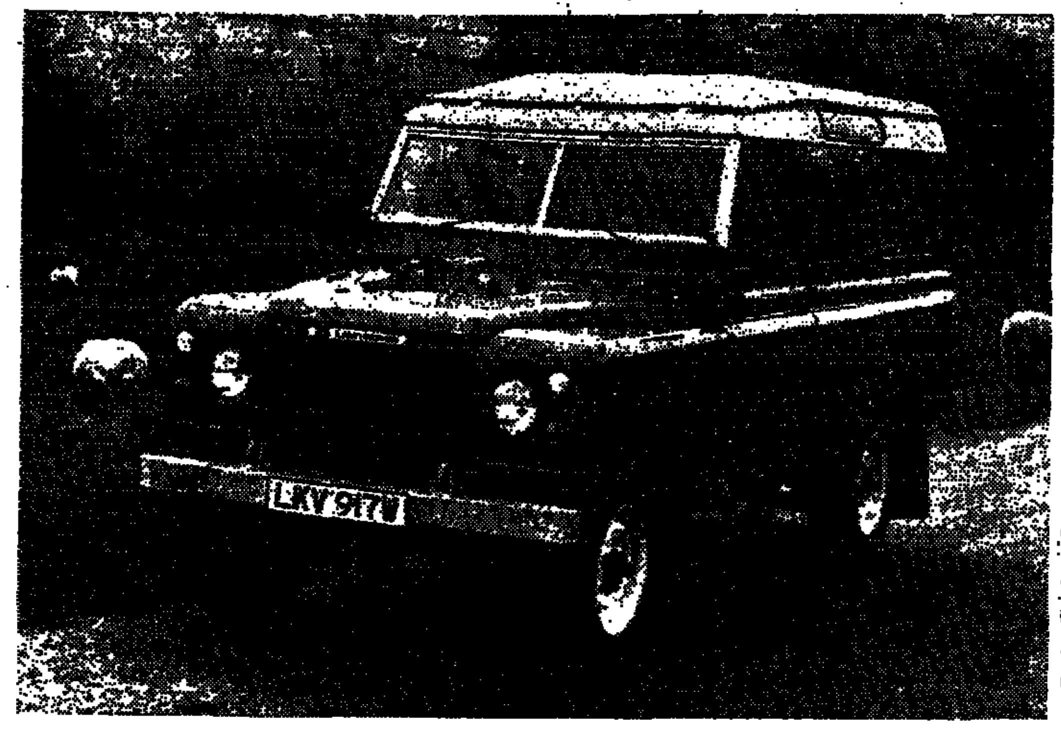
A. A. Hermann

FINANCIAL TIMES SURVEY

Tuesday July 7 1981



LAND ROVER PROJECT



Where British is still best: (above) the Land Rover V8 Station Wagon and (left) the new 4-door Range Rover

Today, BL's profitable vehicle manufacturing sector, Land Rover, launches a new Range Rover model, marking an important stage in the company's £200m investment programme—a programme designed to improve the product and nearly double output, despite competition from foreign rivals.

Fresh policies lower costs

By Kenneth Gooding

Motor Industry Correspondent

LAND ROVER is one of the two self-contained businesses within BL that are making profits. The other is the Unipart spare parts operation.

Not only is Land Rover profitable — it is unofficially estimated to have made £40m on sales of £350m in 1980 — if it had to stand alone it could finance its own development on normal commercial terms.

The underlying financial strength is illustrated by managing director Mr Mike Hodgkinson who forecasts that Land Rover will continue to make a small profit throughout 1981 even though trading conditions are "so adverse as to be virtually unprecedented.

"High inflation rates and the very high level of sterling combine to give us extremely difficult pricing problems both in the UK and in many overseas markets.

"Moreover, the relationship of sterling to the dollar is beginning to have a detrimental effect on our purchasing power. Prices of many raw materials, particularly those like plastics which are oil based, have recently risen considerably. Consequently, we now find ourselves in the worst of all possible economic situations in which our selling currencies are weak but our purchasing currencies are strong.

"I would suggest that to remain profitable in that situation, and to be able to predict remaining profitable for the foreseeable future, is no small feat."

Mr Hodgkinson is 37 and he took over as managing director when Land Rover was split away as a separate entity within BL three years ago. That move was part of the new-broom approach of Sir Michael Edwardes shortly after his appointment as BL's chairman.

During the previous 10 years or so Land Rover had been turning out 50,000 to 60,000 vehicles a year, depending on whether it was a poor year or a good one. Yet in the first eight or nine years of the 1970s the market for the type of vehicles Land Rover provides was growing at 14 per cent a year compound.

Mr Hodgkinson says: "Because no one invested or capitalised on the low value of the pound and the strengths of the product we literally lost the market. That had a double impact. It enabled competitors to get established when they would otherwise have struggled. Because they got established others saw the possibilities and now we have the situation where we are struggling under the short-term disadvantage of the strong pound and high UK inflation."

Timescale

When Mr Hodgkinson took over he found Land Rover already had a large investment programme ready to go under the terms of the strategy laid down for BL in the 1975 plan drawn up by Lord Ryder and his team. However, by the time there was a formal announcement about the investment, in 1978, the total had been pruned to £310m.

Today, with about 65 per cent of the programme completed, Mr Hodgkinson says the final bill will be £200m. The programme has been stretched, too. The original timescale was for the expansion to take place between 1978 and 1983. Now it will not be completed until 1984. This means that Land Rover's capital expenditure has been running at an annual rate of around £35m to £40m.

The major chunk to be removed from the investment programme was a plan to split production between the existing Solihull Land Rover plant and Canley, not far away in the Midlands.

Originally Canley was to be rebuilt on the back of the four-wheel-drive programme but Mr Hodgkinson was able to persuade the BL Board that the Land Rover and Range Rover operations should be kept together on one site at Solihull. He also changed the main thrust of the investment programme away from simple capacity-addition towards product development.

"When Land Rover Limited came into being in mid 1978 I was disturbed by the lack of planned product action. Neither the Land Rover nor the Range Rover had been greatly modified during the 1970s. Within four months of the formation of the company we obtained final approval for the investment plans. and before the end of 1978 work began on the new facilities—which now form the newly completed North Works building at Solihull," Mr Hodgkinson recalls.

"By February 1979 the V8 Land Rover had been announced, extending the range of options and greatly improving the flexibility of Land Rover as a work-horse.

"In September 1979 we facelifted the Range Rover and gave particular attention to the interior specification." That attention involved incorporating the air-conditioning unit in the dashboard instead of in the roof—one of the major criticisms of Range Rover by customers.

Today the latest product development steps are announced with the introduction of a four-door version of the Range Rover. At the same time the vehicle gets a new high-compression version of the former engine which, Land Rover claims, gives a fuel consumption improvement of about 20 per cent. This engine is available in European vehicles only (half Range Rover exports go to the Continent) because fuel quality elsewhere in the world is often too poor for high-compression engines to handle.

Mr Hodgkinson says: "We are planning further development on all fronts and I can promise a constant and steady development plan taking us right through the 1980s." This suggests that an automatic gearbox for the Range Rover and a bigger, 3.5 litre diesel engine might not be too far away.

Although the emphasis of the investment programme was changed towards product development, Land Rover will still double its capacity to around 110,000 vehicles a year of which about 25,000 will be Range Rovers.

Last year the company produced about 61,000 vehicles, including nearly 10,000 Range Rovers, up from 54,000 in 1979. This year Mr Hodgkinson predicts output will drop back to around 55,000, reflecting the drop in world-wide demand for vehicles of all kinds.

Modernisation of the Land Rover facilities so far has brought with it tremendous productivity gains — Mr Hodgkinson claims labour productivity has improved by 30 per cent in the past six months.

Automating the engine production line provided the main improvement, together with the elimination of overtime. Land Rover used to operate with 25 per cent planned overtime. Now the management can choose if it wants to go into overtime.

No more cuts

The workforce has been reduced from 14,200 when Mr Hodgkinson arrived, to 11,300. No more cuts will be necessary he insists. "In fact, when we move out of the recession we might work some overtime to start with but then we will have to start hiring again."

The Land Rover facilities are being altered and modernised so as to produce standard chassis in volume (by the standards of the four-wheel-drive business). A variety of factory options will be offered but the outside converters will be left to get on with the really outlandish versions.

The questions are: will Land Rover's extra capacity be needed? Will all the investment be worthwhile in the end? That mainly depends on whether customers currently using the type of vehicle Land Rover and its direct competitors make—heavy duty four-wheel-drive—move away to non-four-wheel-drive vehicles.

Within its own market, Land Rover's position is still very strong. It restricts its sales to those parts of the world outside North and South America and the Comecon bloc.

Sales of four-wheel-drive vehicles in the area which remains total about 200,000 to 250,000 a year, of which Land-Rover accounts for roughly one third.

Land-Rover sees its product as a "machine tool" rather than a consumer product and six out of 10 of its vehicles are sold either to Government organisations, military or quasi-military customers. This type of customer obviously requires special facilities built into the vehicle and for this reason Land-Rover would find it hard to build vehicles for stock when the market is slack in order to snatch sales when the demand picks up.

CONTENTS

Leisure sector killed by oil crisis

INTERNATIONAL MARKET
KENNETH GOODING

MOST CAR manufacturers view four-wheel-drive vehicle production as an operation away from the mainstream of their activities, on the periphery of their main interests.

The exceptions to the rule are the Japanese who saw four-wheel-drive vehicles as a marvellous way of gaining a toehold in some developing countries, particularly markets where the import of built-up cars was unacceptable but utility vehicles were in a different category and permitted.

The all-wheel-drive vehicles gave the Japanese the opportunity at least to set up the semblance of some distribution networks and prepare for the time — perhaps generations ahead—when they could follow through with passenger cars.

As a result the Japanese have become the world's major manufacturers of four-wheel-drive vehicles and it is a Japanese manufacturer, Toyota, that country's major vehicle producer, which provides Land Rover with its most formidable competition.

Last year the Japanese accounted for about 43 per cent of the world-wide output of four-wheel-drive vehicles or around 358,000 out of 840,000.

Toyota has now overtaken Jeep, the business which started it all, and in 1980 turned out 116,200 Land Cruisers, the group's answer to the Land Rover and the Jeep. It also produced 67,000 Hi-Lux vehicles which are its four-wheel-drive pick-up trucks.

Jeep has been badly hit by the very steep decline in demand for all-wheel-drive in the U.S. At the peak, sales in the U.S. reached nearly 1m a year. Then, with the second oil-supply crisis, one part of the market disappeared almost completely.

This was the "leisure" segment. People had been buying four-wheel-drive vehicles for the pleasure they could have off the road where happy motoring is somewhat circumscribed by the 55 miles an hour speed limit which operates throughout the States. Roaring through the hillside or along the beach became a favourite occupation until the steep rise in fuel prices took the fun out of it.

Sales of four-wheel-drive vehicles in the States, still running at 750,000 in 1979, dropped to only 296,818 last year. Production of the traditional Jeep vehicle fell from 1979's 134,624 to 62,841 last year and, when Jeep's other vehicles were taken into account, the drop was from 269,248 to 125,684.

Slump

Jeep's competitors were similarly affected. Output of General Motors' Blazer was down from 77,882 to 21,109 and its Jimmy from 20,152 to 5,534. Ford Bronco production slumped from 90,922 to 33,253.

International Harvester has been attempting to sell off its Scout offshoot and will not reveal 1980 production figures. But the 1979 total was 30,059.

Jeep is hoping to produce 100,000 of its traditional four-wheel-drive vehicles this year. It provides one of the very real threats for the future as far as Land Rover is concerned because it is now under new ownership.

Jeep is a subsidiary of American Motors Corporation which is now 46 per cent owned and under virtual management control of Renault of France.

Renault's plans for the traditional Jeep vehicles will not be finalised for a year or so—the two companies, Renault and AMC, first have much to do and to spend on a joint car range for the U.S.

Only about 25,000 Jeeps a year have been exported in the past; the vehicles tended to pop up in markets just after U.S. financial aid was tendered or the U.S. Army put in an appearance for some reason. However, Renault has already been examining which of the Third World markets where it has car networks show potential for the Jeep products. There is also no doubt that eventually a suitably "Europeanised" version of the Jeep—in particular that means vehicles which will not be as thirsty as the old models—will be launched throughout the Continent via the Renault car network.

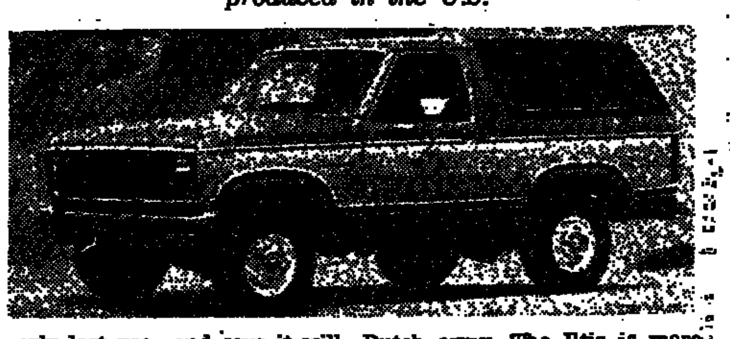
There is an increasing chance that Land Rover might reciprocate by taking on Jeep, and the other Americans, once more in their home market. Several years ago the British company pulled out of the States because of its chronic supply difficulties and it was felt that it was better to leave certain markets to make sure others had enough product.

Now that Land Rover has capacity to spare it seems likely that the Range Rover might well join the Jaguar and provide BL with another offering for its remaining dealers in the U.S.

With the pound worth $2.40 such a move was out of the question but it looks possible at $2, and indeed Land Rover has made its forward plans on the basis of a $2 pound. However, its business is not particularly dominated by the dollar because it deals in many different currencies.

The other big threat to Land Rover must be Nissan's plan to produce 15,000 to 20,000 four-wheel-drive vehicles in Spain starting next year.

Nissan is still a long way behind its major Japanese competitor, Toyota, in all-wheel-drive production and last year produced 26,900 Patrols. Nissan acquired a 36 per cent shareholding in Motor Iberica, the Spanish light van and agricultural equipment manufacturer, early last year and says it will use Iberica as a base to produce two types of vehicle, the Patrol and a light van, the Vanette. The expectation is that about half of the output will be exported to Africa and the Middle East but especially to the rest of Europe where Iberica can take advantage of Nissan's dealer network.



Two of Land Rover's competitors in the four-wheel-drive market: (above) Daimler-Benz and Steyr-Daimler-Puch's "G," or Gelaendewagen, manufactured in Austria, and (below) the Ford Bronco, produced in the U.S.

Among Land Rover's Western European rivals, apart from Renault, Daimler-Benz, the Mercedes group, has stuck a tentative foot in the water by setting up a joint company in Austria with Steyr-Daimler-Puch.

The four-wheel-drive "G" (for Gelaendewagen) cross-country vehicles were seen as a natural extension of D-B's truck and car operations. However, the Austrian factory has a target of only 11,000 a year (not achieved in 1980 when output was around 7,500) and the vehicles tend to be at the upper end of the price range.

Segmented

VAG, the Volkswagen-Audi group, is attempting to pick up some four-wheel-drive sales with the Iltis, a civilian version of a vehicle previously supplied in large numbers to the Dutch army. The Iltis is more rudimentary than the "G" series vehicles or the Land-Rover.

As with cars and trucks, there is really no such thing as "the four-wheel-drive market." It is just as segmented in its own way as the market for passenger cars and to a great extent parallels the car market in the variety of models available.

They range from small runabouts offered by such companies as Daihatsu and Suzuki through the workhorses represented by Land Rovers and Land Cruisers to the executive-type Range Rover and "leisure vehicles" from the Americans. There are four-wheel-drive vehicles which look like ordinary cars—the Subaru is the prime example—and conversely there are two-wheel-drive vehicles which have the rugged, go-anywhere appearance of the all-wheel drive models and therefore provide some element of competition for them—a variety typified by the Talbot-Matra Rancho.

As recent history has shown, demand for the workhorses—from farmers, foresters, police, military, fire brigrades and so on—is the least likely to suffer from the vagaries of fashion changes and is the most solidly based.

LIGHT FOUR-WHEEL-DRIVE VEHICLE PRODUCTION 1980
(Some major producers)

Austria	Daimler-Benz, Steyr-Daimler-Puch "G"		7,500	UK	Land Rover	Land Rover	51,200
COMECON	Lada (USSR)	Niva	25,000			Range Rover	9,700
	ARO (Rmnia.)		12,000	U.S.	Jeep	Jeep	62,841
India	Mahindra		15,000			Cherokee	7,614
Italy	Fiat	Campagnola	3,900			CJ	37,907
Japan	Toyota	Land Cruiser	116,200			Pick-ups	6,839
		Blizzard	1,800			Wagoneer	10,481
		Hi Lux	67,000			AMC Eagle	12,548
	Nissan	Patrol	26,900			Eagle Station Waggon	16,224
	Datsun	pick-up	15,000			Eagle SX	4,013
	Isuzu		50,000		Gen. Motors	Chevrolet Blazer	21,109
	Subaru		25,000			GMC Jimmy	5,534
	Mitsubishi		9,200		Ford	Bronco	33,253
	Suzuki		50,400		Intl. Hrvstr.	Scout	†30,059
Spain	MSA	Land Rover	17,900	West Germany	VW-Audi	Iltis	3,400
	Viasa	Jeep	2,300			Quatro	300

† 1979 total.

Little polish needed for pedigree workhorse

MODEL DEVELOPMENT
JOHN GRIFFITHS

HAVE YOU ever wondered why the Land Rover, through more than 30 years of production, has kept that same boxy shape? In particular, why it has those horizontal wings which fall off into vertical cliffs at the front giving the aerodynamics of an Oxo tin? Well, you can stand a cup of tea, or something stronger, on them, with no fear of it sliding off. In a blazing hot desert? Fancy a fried egg? The Land Rover wing will oblige.

A few years ago, in the interest of weight saving, Land Rover swopped the steel mesh radiator grille for a plastic one. This change was not at all appreciated by hardy venturers, watching their steaks sag onto the fire along with what used to be their barbecue grill.

As Land Rover has found out, changes may not be made lightly to one of the world's long-established and probably best-known work horses. Yet, as competition has increased world-wide and 80 per cent of Land Rovers are exported, so the pressures to adapt to meet it have intensified. However, the trouble is that throughout the traumas of its BL parent during the 1970s, Land Rover for much of the time was in no position to respond to them. As Mr Mike Hodgkinson, its managing director, observes "If we hadn't had a 10 year sabbatical on product development, the overall picture of Land Rover might be looking altogether different."

Plush

There is one notable exception. In 1970 British Leyland launched a vehicle which opened up an entirely new four-wheel-drive market: the plush Range Rover, pitched at the executive and country set. Even then, the Range Rover subsequently underwent little further development. The hiatus lasted until 1978, when the Land Rover company emerged as a separate entity under the BL banner.

"When Land Rover first came into being," said Mr Hodgkinson, "I was disturbed by the lack of planned product action. Within four months of the formation of the company we obtained final approval of our investment plans."

In product terms, the first fruit emerged in early 1979: a V8 version of the Land Rover, powered by a de-tuned version of the 3½-litre engine which powers the Rover car and Range Rover. This broadened the Land Rover's appeal considerably, increasing its towing capacity and off-road abilities. Previously, engine options had been confined to four-cylinder petrol and diesel units.

Six months later, the Range Rover received a long overdue face-lift, in particular an upgrading of its interior trim. Earlier this year, a yet more luxurious version arrived: a limited edition vehicle, with wulnut trim, developed with Wood and Pickett, promoted with Vogue magazine and called appropriately, "The Vogue Range Rover."

Shortcomings

This month it acquired its most needed addition—four doors. The company has been aware for a long time that a lot of otherwise well-satisfied owners were irritated by the problems of gaining access to the rear seats in the two-door model. Some specialist concerns had also seen the shortcoming and produced four-door conversions, but they were expensive. The "inhouse" version has been produced on the same 100 inch wheel base, with extra rear seat room provided by relocating the rear seat squab.

Although it was by no means noisy in the first place, the vehicle has been quietened further by re-machining the transfer box gears. Importantly, the engine has been modified to give 20 per cent better fuel economy. The upgrading applies to all Range Rover models.

This upgrading should strengthen Range Rover's position when it has to face its first serious rival in the UK market at the end of this year. The Gelaendewagen is produced jointly by Daimler-Benz and Steyr-Daimler-Puch in Austria. Right-hand drive models are currently undergoing type approval. In its more basic forms it competes against Land Rovers, but in the UK it will come lavishly equipped and designed to take on the Range Rover.

Mr Hodgkinson's view is that "just because it's got that three-pointed star in front it will inevitably sell, so we are resigned to sharing some of the market. But it is really more of a deluxe Land Rover than a Range Rover." He clearly believes that the Range Rover can beat it on style and comfort.

The Range Rover has easily beaten off the challenge from its only other near rival, the U.S.-built jeep Cherokee. Its five-litre V8 engine's heavy fuel consumption has told against it in Europe, and sales have been dwindling.

However, the American Motors' jeep operation could become a headache to Land Rover. Renault took a large stake in AMC, planning to use it to open up the U.S. car market, but it will also try to find markets outside the U.S. for jeeps, particularly now that the North American four-wheel-drive market has collapsed.

Meanwhile Volkswagen-Audi is upgrading its four-wheel-drive Iltis model with an eye on the Range Rover market; Nissan is to start producing its Patrol rival to Land Rover in Spain next year; and Toyota may bring its Land Cruiser, another Land Rover rival, back into the UK after a disastrous foray in the early 1970s.

Thus Mike Hodgkinson has good reason for changing the emphasis of the investment programme to hasten new models. "We have no intention of resting on our laurels. Although our vehicles are arguably the best in their particular market sector, we are planning further developments on all fronts and I can promise a constant and steady development plan taking us right through the 1980s."

Next year, a large diesel unit will be available for Land Rover and Range Rover, supplied from VM of Italy. This is a stop-gap, until a dieselised V8 Rover engine, being developed with Perkins, is launched in 1983.

Another development unlikely to be far away is an automatic gearbox. Mr Hodgkinson said that Land Rover as a company in the foreseeable future is locked into its two current product lines, despite the huge diversification which has taken place in the four-wheel-driving market, ranging from pick-up trucks—dominated by the Japanese—to mini Land Rover type vehicles from Suzuki. Later, he says, it is possible that the company might branch out but he does not say in which direction.

Heavy-duty king

Some would argue that Land Rover has overlooked the leisure market, which has seen an upsurge in jeep and other vehicles such as the Ford Bronco and the Chevy Blazer which, though workhorses, have been dressed up to appeal to recreational users.

Mr Hodkinson does not agree: "The Land Rover is what it is and does what it does. It is a utility vehicle and no more. It would be wrong to tart it up." The Land Rover, he insists, remains the heavy-duty king; six out of 10 sales are to military or government users.

It is the Land Rover's heavy duty qualities said Mr Hodgkinson, which has allowed it to survive the threat posed by the Land Cruiser in export markets. In the early and mid-1970s Land Rover lost sales to Toyota both because it could not supply the goods and because the yen-sterling balance allowed Toyota to sell at between 10 and 60 per cent cheaper than Land Rover. However, the Land Cruiser has a steel body, the Rover's is of aluminium. It does not rust.

"It has a life at least one-third, and probably nearer two-thirds, longer," say Hodgkinson. Now that users have had a chance to compare the whole-life performance of each, "we have been getting an awful lot of Land Cruiser buyers back."

LAND ROVER PROJECT III

The new Range Rover model (left) the converted interior now gives extra legroom for back-seat passengers and takes three people comfortably, and (right) the seat folds up to give more load space. The cost of a four-door model, including taxes, is £14,260.

Testing the four-door Range Rover

The Range Rover always has been the best of its kind in the world, which is not to say that it has not had a few snags.

First, it had only two doors, which was a major disadvantage to any owner who regularly used the rear seat. Scottish landowners with miles of gated roads on their estates are known to have bought Jeep station wagons for this reason alone. They wanted to drive but preferred the ghillie to open the gates—and that meant disturbing the front seat occupants every time.

Next, it was noisy, especially at the fast highway cruising speeds it coped with so easily. A friends of mine who likened a Range Rover at full chat to a busy machine shop was, I think, being unkind, but I knew what he meant.

And, thirdly, the Range Rover was a thirsty beast, returning around 13-14 mpg in average use and not much better than 16 mpg even if driven with care. (A fourth complaint of heavy steering was remedied a few years ago when Rovers were finally prodded into offering power assistance, though not, one feels, without certain misgivings.)

The new Range Rovers, both two-door and four-door, that are now rolling off the assembly line put right the three remaining snags and keep the vehicle where it has always been—on top of the light four-by-four heap.

The conversion of the two-door body to four-door has been so neatly carried out, and is so beneficial in every respect, one wonders why the Range Rover was not made that way in the first place. The rear seats are easy to enter and leave—easier than those of most large saloon cars—and the front doors, being smaller and lighter, are much less effort to open and close. Back seat passengers also appreciate the extra legroom that has been created as a result of the conversion.

No vehicle with a main gearbox, transfer gearbox, two final drives and a centre differential can ever be totally silent mechanically, but the new Range Rover is considerably quieter than before. The transfer gearbox (the one that provides high and low ranges depending on conditions) benefits from design and machining improvements and most of the whine has disappeared. Because the gearing in high range is "taller" (road speed per 1,000 rpm in top is up from 21.2 to 23.7 mph) engine noise is reduced, and the V8's increase in compression ratio from 8.1 to 9.3 to 1 has resulted in maximum power being obtained at 4,000 rpm instead of 5,000 rpm, encouraging a gentler driving style with no loss in performance.

Fuel consumption

Fuel consumption benefits, too, from these mechanical changes. Land-Rover's claimed 20 per cent improvement in fuel consumption means the Range Rover should be capable of just making 20 mpg. instead of staying in the teens, if driven with regard for economy. Four-star fuel is now needed and the owner who insists on cruising his Range Rover at 80 mph and more is unlikely to see 20 per cent benefit because a great, high-slung beast with massive frontal area cannot help having high aerodynamic drag.

The changes have done nothing to detract from the Range Rover's sterling virtues. It still goes almost anywhere in greater comfort than any of its rivals. Few people use them hard enough to exploit their all-terrain potential, but a Range Rover really will go in and out of places where a foxhunter might jib at taking a valuable horse. The sheer carrying power of the 3½ litre V8; the choice of eight forward gears and a lockable centre differential, large diameter radial tyres and ample clearance between the Range Rover's hard-to-damage underside and the ground; in combination, they make the vehicle as much at home in deep mud or on precipitous, rocky hillsides as it is on motorways or open desert.

On winding roads, it is surprisingly nimble. It rolls a fair amount on fast corners, due to its height and the large vertical wheel movement that makes it ride so comfortably. However, its permanently engaged four-wheel-drive gives it secure handling on wet or dry roads, just as it provides immense reserves of traction on mud or in snow.

In town, the commanding view over the broad bonnet is a great help during the commuting rush — and aggressive drivers tend to stay clear of the Range Rover anyway. The cloth-faced front seats are of throne-like size and configuration. Uniquely, they have seat belts built-in. There really is room for three people to sit comfortably in the back. At a pinch, a fourth can be squeezed in for a short distance.

Because the four-speed box has to be strong enough to cope with arduous off-road conditions, the gearshift is not precisely finger-light but neither is it clumsy and the synchromesh works well. Instrumentation and minor controls are much the same as you would find in any car of quality. The screen wash-wipe system, new to the latest Range Rover, is a model of comprehensiveness. Not only does it provide two speeds, single flick or delayed interval wiping, you can even preselect how many wipes you get after the washers have started squirting.

Stuart Marshall

Co-operation needed to double output

PRODUCTIVITY

PETER CARTWRIGHT

ABOUT THE time the millionth Land Rover was coming off the assembly lines in 1976 discussions were hardening into decisions about doubling output of the four-by-fours—the Range Rover had joined the family in 1970. The reasons for the decision are dealt with elsewhere. This article deals with some of the implications of such a decision and its impact on the six Rover engines and transmissions plants located in various parts of Birmingham.

The project also embraced other BL plants like West Yorkshire Foundries and outside suppliers like Birmingham Aluminium (part of the Birmid group) with which V8 engine production was shared, and with Beans, of Tipton (Staffordshire), another British Leyland foundry supplying four-cylinder Land Rover engines, as well as hundreds of other component suppliers.

Capacity was increased in the machine shop by the introduction of duplicate equipment on cylinder blocks and pistons, crankshafts and connecting rods. This provided the essential flexibility for making a wide variety of different types of V8 engines to suit the requirements and regulations of world markets to which 80 per cent of vehicles are sent.

It was a particularly tricky programme to plan, integrate and implement without dislocating vehicle production because in most instances it meant creating room for plant and equipment and better working conditions in ageing factories, some of them built before World War II.

This first phase of the overall £280m programme cost £30m and was a prerequisite to its successful outcome. Summarised, its main features looked like the accompanying table.

Modernisation

Much of the plant and equipment was still in use after 20 or 30 years (and sometimes even longer) and not all could be replaced with modern machines. In key areas where modernisation and expansion was undertaken, however, it represented a big technical leap forward and also required an entirely new approach from the employees—as much from management as from the shop floor. Without everyone understanding what was happening and becoming closely involved the programme would have fallen apart.

At Acocks Green, one of the main factories, the plan necessitated the installation of a new engine assembly shop. The assembly facility was moved from the existing shop and the space thus vacated used for additional transfer lines.

These are lines down which large components like engine blocks move automatically after the completion of boring holes, machining surfaces and other work at the various stations. Most of the £5m was spent in this way.

The original plan envisaged taking production of Land Rover and Range-Rover axle components to other BL plants, but this was avoided by improving production facilities and introducing new axle component capacity within the engines and transmissions factories, other new machines and new heat treatment equipment for stress relieving and imparting the desired characteristics to the metal components.

At Perry Barr, however, the axle assembly line was moved a dozen miles away to the Solihull north works. This was the only way that additional machining space could be created, and meant nearly a quarter of the 450 workers transferring with it.

FOUR-BY-FOUR EXPANSION PROGRAMME

PHASE 1

Factory	Plan	Capacity (units/wk.)	Cost (£)
Acocks Green	Duplicated cylinder block, head and piston machining, new V8 engine assembly shop	2,000	5m
Tyseley	Refurbished and expanded gearbox machine shop; new assembly shop for Range Rover gearboxes	650	2m
Tyburn Road Perry Barr	Increased machining capacity Transfer of axle assembly shop to Solihull to make way for bigger machining capacity		5m
Percy Road	New heat treatment, electro-chemical machining and gear-box test beds		0.6m
Solihull	New axle assembly shop	2,500 axles	6m

The Tyseley factory, which has its roots deep in Rover history, was transformed into a showpiece gearbox assembly shop. Its workaday drabness gave way to bright colours and new, high-production machinery was put down, with most of the assembly being carried out on J-hooks instead of gravity roller conveyors. Output was stepped up from 70 gearboxes a day to 130 with the help of a night shift, or 650 a week. Once again, however, the new investment was limited to eliminating bottlenecks; the majority of the machines were kept in service, suitably renovated.

Another site that played a key role in the overall strategy of the Four-by-Four project was Tyburn Road, a little way away from Spaghetti Junction, the hub of the country's motorway network. This supplies steering assemblies, gearbox parts, brake drums and axle components, all of which had simultaneously to be given a boost in production and undergo some rationalisation in design.

Tyburn Road also played another major role in training the personnel involved throughout the engines and transmissions division. A complex of lecture rooms, workshop facilities, closed circuit television and real-life equipment specially designed for training purposes was created in 6,000 sq ft carved out of the existing premises.

The courses covered every phase of the new knowledge and approaches needed to man and maintain the updated—and sometimes radically new—plants. They ranged from the induction of new employees and process control through geometrical tolerances and pneumatics to analytical problem-solving, computer appreciation and quality control.

In the first seven months more than 1,600 employees were trained, or re-trained at Tyburn Road on the fundamental assumption that "If the training is successful then the Four-by-Four expansion will be successful." That was the most important in-house, domestic aspect of the learning curve, but less concentrated courses were going on at all the other plants, supplemented where necessary by external courses at technical colleges throughout the West Midlands. Finally the training was mirrored at independent plant and equipment suppliers in the UK and overseas.

Inevitably those on the shop floor and junior supervisory posts regarded the changes in a different light from management. BL at that time—indeed at almost any time since its formation—was hardly looked upon as the source of sweetness and light. Strikes and disruptions at one plant after another, including some Rover plants, were commonplace and it was clear that if this first, crucial phase of the overall programme was to be carried out within the time scale laid down, or without irrecoverable slippage, a tremendous amount of work had to be done in getting everyone pointing in the right direction.

Familiar

This was the responsibility of the joint plant participation committee, and a working party was established to look at the sensitive area of production operating methods. At all the engines and transmissions factories those involved in the changes were made familiar with the individual details of the sites and machine lay-outs.

The implementation of the Four-by-Four project was given to the joint consultative committee made up of plant and factory management and senior stewards from Solihull north works and Tyseley. This more open style of management gained adherents and in the event, despite the disputes going on elsewhere in BL, the only disruption in the engines and transmission division was to working arrangements and patterns of those involved.

Enterprising spirit pays dividends

NEW TECHNOLOGY

PETER CARTWRIGHT

WHILE THE limelight was fixed firmly on all the preparations at Longbridge, Birmingham, for the birth of BL Cars' new baby, the Mini Metro, even more important events for the balance sheet were taking place elsewhere in the city.

For the first time since the war The Rover, as it is colloquially known to take in Land Rover and Range Rover as well as the saloon cars, came hard up against the inescapable fact that unless it modernised it was finished, and so, too, would its contribution of profit to British Leyland. The Rover had almost always managed to spin reasonable, if not handsome, profits.

Much had to be done; but the budget was a very lean one. More effort was being put into shoring up the volume car business across the other side of the city. Nevertheless, the overall concept of modernisation and expansion took the programme into a European league, if not in time scale then in money terms: in all £280m.

Sensitive

The questions that had to be answered were: Which plant? Where do we put it? And how much use can we make of existing equipment or incorporate British products in any foreign plant bought? The latter was a particularly sensitive point for the unions.

Finally, of course, here was the overriding question of "Will it pay off, and if so, by how much?" This question is now beginning to be answered. Even before the new facilities have been fully run in the evident confidence of the management that it will help to turn a thin black line into a much thicker one on the balance sheet is some indication that correct decisions have been made.

Re-equipment on this scale is never a matter of buying plant and machinery off the peg and putting it together, much less of getting the layout right. Given the chance to replace most of the key machinery, some of which had faithfully served its purpose for 20 or 30 years and even longer, management wanted the best and travelled over Europe to get it—but only where it had to be bought overseas.

The requirement otherwise was for a high UK content, as in the high-level conveyor system. Or else Rover ideas were built into the original concept, as they were into the 470 ft engine assembly overhead conveyor (the whole track is 4,000 ft long from the place where raw castings are put on).

The conveyor suspends the engines at convenient working level to make it easy for the oil filters, fans, servo mechanisms and all the other paraphernalia to be hung on them. The dependent engines are kept rigid by a Rover device built into the proprietary system.

Evidence of Rover thinking is found in the different overhead conveyor system, which was modified in a number of ways. One modification is the electronic eyes in the front of each individually powered engine trolley that prevents it from bumping into the next by stopping the motor, allowing them to be queued up if necessary.

The Range Rover assembly hall is another instance of budget parsimony and do-it-yourself enterprise that has paid off handsomely. The electrocoat painting plant is a refurbished left-over from the old Rover 2000 days. The Range Rover is a combination of steel chassis and side panels for strength and rigidity and corrosive-resistant, lightweight aluminium panels on the outside.

Most paint men would say that it is impractical to coat successfully two such different materials as aluminium and steel with very different conductivities. (Paint is attracted on to the metal by passing a current through it.)

However, by very precise control of current, temperatures and paint viscosity after extremely thorough cleaning of the panels it is possible to achieve the same deposition of paint. After that comes the injection of wax for rustproofing. Sceptical representatives from BMW, VW and other European producers have stayed to be convinced.

As Jack McLean, production manager of Range Rover summed it up: "It might not have been possible to have done it with a younger management. We were older, more experienced but still with lots of enthusiasm and so able to take a more unbiased look at the whole thing. Now younger management is coming along to take over eventually."

The £85m high technology plant comprises three main areas. Stores (£6m), machine shops and engine assembly (£30m including £20m for automated transfer lines for machining cylinder heads and blocks and crankshafts); and Range Rover assembly (£15m, with another £10m on engine test cells).

The Italian-manufactured automatic stores holds enough incoming parts to support five days' production, with about two days between the machining and production processes, to avoid disruptions through equipment breakdowns. It is completely computer controlled, the only worker being on the small parts store manipulating the crane for the storing and picking. The six aisles of the main store are not dedicated to any particular product, again to obviate disruption from breakdown and another instance of Rover thinking. Every item, however, is logged and controlled by a computer so that it can be retrieved wherever it is.

Right station

Every component needed to build 120 different models of V-8 and four-cylinder engines, petrol injection or carburettor, diesel and various states of tune and specification to meet domestic content levels and legislation in world markets, are "quarantined" until cleared by quality control for machining and assembly.

Each trolley carrying an engine through the system has its destination controlled by computer so that it arrives at the right station. All told, there are four different computer-controlled systems feeding the various operations and there is one other computer that can interrogate the other four. Fault-finding is made easy by visual display units that show the complete lay-out or in detail to any part where there is a problem, so that the exact place and nature of the fault can be quickly ascertained and remedied.

Body building

In the engine and crankshaft machining area diamond honing of the cylinder bores has been developed to the point where the geometry of the bore is down to 0.00025 ins tolerance and there is every confidence that this will soon be down to 0.0002 ins, a degree of accuracy better than most and, it is said, unexcelled anywhere. Each cylinder bore is separately checked to ensure that the correct choice of one of five grades of pistons is chosen to make a perfect fit.

The savings are expressed in negligible oil consumption and improved engine efficiency.

The nearby Range-Rover assembly track for the first time provides a separate facility for body building. Previously it had a somewhat Cinderella-like existence in the South Works, dominated by Land Rover production. The separation is another indication of management's determination to maximise this unique vehicle's potential just as the four-door version is a harbinger of future, more frequent model changes.

The result of installing all this modern machinery and plant has been a dramatic 30 per cent increase in productivity, although this could not have been achieved without the invaluable contribution from shop floor workers. They helped in the general lay-out, which is expansively roomy, light and uncluttered and they worked with a will to learn entirely new jobs and control computerised machines.

Although the Rover has suffered its labour disputes, they have seldom been as cataclysmic as in other parts of BL Cars' empire. Employees tend to be a more closely knit community which now contains a good many of the third generation.

When the changeover came from the South Works on March 16 the move by 600 was accomplished with very few problems. People picked up their tools, working clothes and other paraphernalia as well as vehicles in various stages of build down to nuts and bolts and tyres, all of which went to designated stations. They worked until 8 pm and all day the next day, Saturday. On Monday the start buttons were pushed and, with fewer hiccups than were expected, the new system went into action.

Not everybody made the move, however. The labour force required was 15 per cent less than that needed in the south works and since then another 500 have left or been transferred.

The new factory has given an unprecedented flexibility and mobility. Even new methods of working could be tried, like that in Sweden, where a group builds a complete vehicle or sub-component, like the power train. Because of the vagaries of one contract, calling for only three military type vehicles a week, and dependent on key components from the customer, a group was detached from the tracks to work in this way.

Such a solution would have been highly improbable a few years ago. This, too, points the way ahead to a more unified strategy, and to real financial progress when demand returns. "There has been a fantastic spirit right the way through," says Mr Mike Hodgkinson, managing director of Land Rover. "Without it we could not have survived a 45 per cent deterioration in UK competitiveness in the last two and a half years because of the increased strength of sterling and a faster rate of inflation than our competitors." Certainly a platform for progress seems to have been built.

PROFILE: MIKE HODGKINSON

Enthusiasm and ability are the keys to success

MIKE HODGKINSON at the age of 37 managing director of Land Rover with a £380m a year turnover, impishly describes himself as "one of the survivors at Leyland." His unaffected, almost boyish, enthusiasm has brought dramatic results in the three years since Sir Michael Edwards the BL chairman, boldly gave him the top job.

Other appointments have failed but Mike Hodkinson already has a track record: Land Rover from being merely a production offshoot of Rover cars has been established as an independent company; productivity in the past 12 months has increased by 30 per cent; product development and marketing have been given a new impetus, and a £200m investment programme almost to double output is being pushed through well within budget.

For a man who works "a normal 8 am to 7.30 pm day" and has visited 16 countries in the past 15 months Hodgkinson remains unruffled and self assured. He must be aware of his market value—"yes, there have been the occasional offers"—but appears not to take himself too seriously.

Poached

He started his career with Ford, "one of the best training grounds for accountants," after reading industrial economics at Nottingham University, but within four years he was "poached" by Mr John Barber, the then Leyland managing director and himself a former Ford employee. "John was recruiting a nucleus of central finance people to analyse performance and establish financial control." The original team of around a dozen included Mr David Andrews, now BL executive vice-chairman, and Mr John Egan managing director of Jaguar. "There was no middle. They have either done quite well within BL or left to do well outside," says Hodgkinson with a chuckle.

He held a range of senior financial appointments during the troubled years from 1969 leading up to and following the Ryder reorganisation. It was, however, the massive shake-up of the management, with the arrival of Sir Michael, that thrust him into the top job in 1978.

Why had he, at only 34, been selected? Hodgkinson smiles mischievously: "I was one of the few people who had been around for a long time—all of nine years." Yes, he had sat "the shrink test," the management aptitude test introduced by Sir Michael. "I had also been associated with Rover where I worked on financial analysis, for a time. A lot of people knew me."

Mr Mike Hodgkinson, 37-year-old managing director of Land Rover

Indeed, the ability to get on with people, coupled with an assertive self confidence, has been the key to Mike Hodgkinson's success. As a young man he was bound to face a degree of resentment from some older employees at Land Rover who believed the vehicle was different from the rest of the Leyland product range, but he quickly turned any such feelings to his advantage. "There was an undoubted enthusiasm and loyalty towards Land Rover. Employees believed the vehicle had never been given a fair show. Suddenly we had the opportunity to go out and change things."

Output has been pushed up 13 per cent in real terms since Mr Hodgkinson took over with revenue rising from around £270m a year to £380m. He points out that the company now accounts for around 12 per cent of BL's total turnover, compared with 6 per cent a few years ago.

Starting with just a production operation that was formerly part of the old Rover cars operation Mr Hodgkinson has built up a self-contained company with its own sales and marketing team and 12,700 employees. He stresses the importance of teamwork: "We have the right blend of experience and youth. Everyone has pulled together. Without that support and co-operation the traumas of the last 12 months would have ripped us apart."

He maintains that early last year the main question was whether the company could survive. "We seemed to face insurmountable odds with a 45 per cent deterioration in our competitiveness because of the strength of the pound and Britain's higher inflation rate. The same factors that caused the end of MG and threatened the TR7 were hitting us."

Land Rover and Range-Rover, vehicles for which there had traditionally been a waiting list, faced a new situation. "We had to move quickly into aggressive sales and marketing." In addition to stepping up efforts in overseas markets, the company put new emphasis on responding to customer requirements.

The need for rapid product change to stay ahead in the market place was recognised, Mr Hodgkinson says. He cites the launch of the new four-door version of the Range-Rover as an example of how the company had moved quickly: "The project was only conceived 15 months ago."

Arthur Smith
Midlands Correspondent

LOMBARD

A doomsayer on doom avoidance

BY NICHOLAS COLCHESTER

WALTER WRISTON, chairman of Citicorp, is the John Wayne of American banking. His cause is the unshackling of free enterprise in the financial markets. His enemy is state intervention, wherever it raises its ugly head. His weapons are magnum-calibre metaphors which cut through the jargon beloved both by bankers and by those who seek to control them.

Mr Wriston scores bullseyes more often than not, particularly when he is dealing with the banking business inside the U.S.

But last month in Lausanne he loosed off a few rounds on the question of international bank exposure which seemed to fly somewhat wide of the mark. His target was the clique of "doomsayers" who have dared predict that the international banks might be courting disaster in lending so fulsomely to some developing countries.

Jeremiahs

"To see the world clearly," Mr Wriston tells these Jeremiahs, "it is necessary to understand the facts of Government borrowing. The first fact is that there are few recorded instances in history of Government — any Government — actually reducing its debt. Certainly no-one buying a U.S. Treasury Bill expects it to be repaid at maturity in any way except by our Government selling another Bill of like amount."

Quite apart from the fact that LDC Governments are borrowing money which they can't print at interest rates which they can't control, there is a major flaw in this source of consolation. Borrowing from banks and borrowing by issuing securities are, as Mr Wriston might say, different ball games. The latter restricts the risk of default to the specific investors who have bought bonds. The former leads to barely credible feats of maturity transformation whereby your and my short term deposits on one side of a balance sheet are turned into loans to Poland on the other.

The conspicuous failure of developing countries to sell bonds or floating rate notes to international investors shows how much more sceptical investors are about LDC risk than the banks which manage their deposits. The softer option of bank finance has created a situation where the damage of any default will not be limited just to the defaulting country and its creditors, but could tumble the whole banking illusion which has made such finance possible.

"As for the feared constraint imposed by capital inadequacy," Mr Wriston says, "even here the market process is at work. As banks reach their minimum capitalisation levels, greater attention will focus on the profitability of new lending. Sooner or later profit margins will be restored to whatever level is required to achieve the rate of internal capital generation needed to support asset growth."

The problem with this reassuring theory is that intense competition in the international banking market is tending to lure banks into loans at margins which provide an acceptable return only at very low levels of capital backing. The pace setters are French nationalised banks, which, with the implicit support of the state, are able to operate with a much thinner cushion of capital than are private sectors banks standing on their own feet.

Adequacy

It is in this matter of capital adequacy that the pace of improvement to international bank regulation needs to be kept up. The regulators appear to be back-pedalling at the moment: they are shy of rigid rules, the ratios seem to them difficult to define, and who is to say what gearing limit is safe, anyway? Yet surely even Walter Wriston would rather compete under some uniform ground rules in deciding what margins to charge LDC borrowers. The alternative, after all, is not the educative crunch that licks the over-ambitious back into line, but a slippery slope leading down to widespread state support for, and bailing out of the banking system.

There is also a case for the Basle forum of international bank regulators to look at the treatment of rescheduled loans in bank balance sheets. Is there not an element of self-delusion in the way that loans to deeply troubled borrowers, magically acquire a new lease of life, at a higher spread, without any charge against profits to indicate that they have become the ultimate in illiquid assets? Here again, lending margins are being controlled by forces which drive banks to explore the furthest reaches of credibility.

Difficult time for award judges

FILM AND VIDEO

BY JOHN CHITTOCK

ALL INDUSTRIES seem to have a fetish about awards. As well as film festivals, video awards and export awards, there are specialist writer awards, prizes for technical innovation, even—in the British sponsored film festival—an award for the best newcomer.

The razzmatazz of awards can get a little trying at times, but few would deny that for the winners at least it is good for the ego and often good for business.

The topic is newsworthy at the moment for those in the audio-visual industry because the prestigious Television and Radio Industries Club (of Great Britain) last week announced the winners of its first competition for the audio-visual product of the year. As one of the judges, I had the arduous but enlightening experience of finding a new way of looking at this extraordinary business—that is, through the ears and eyes of a panel of fellow judges whose criteria were often very different.

The nominations for the Club's award came from readers of the retail trade Press. The rules on the nomination form were clear, and it would seem, unambiguous: it must be audio-visual and in current use; and it must feature progressive impact on the trade, demonstrable consumer benefit, reliability over at least 12 months, design and technical innovation, and probable impact on future development.

At this point in the organisation of an awards scheme, it all seemed very straightforward. But the problems for the judges began when trying to compare a videocassette recorder with, for example, a personal computer. Indeed, the line-up facing the judges was varied and challenging: Fidelity's low-cost portable black-and-white television receiver, Mitsubishi's HS300 videocassette recorder, the Sinclair ZX80 personal computer, the Ferguson TX colour television receiver range, Sony's Walkman portable audio-cassette player, the JVC HR-7700 vidoceassete recorder, Sony's C7 vidocassette recorder and the Philips TC2100 portable black-and-white combined television, radio and cassette recorder.

It was agreed fairly swiftly by all of the judges that, despite the current epidemic of video St Vitus, none of the videocassette recorders would be short listed. Although two of the models gave superb performances, there is generally so little to choose between rival makes that it would be invidious to single out one alone.

We were puzzled by Sinclair's computer; it certainly wasn't audio, and calling it visual was stretching a point. All judges were impressed by the high quality and low cost of Fidelity's portable black-and-white television set—retailing around £60, and British (the latter point especially appealing to our member from the House of Lords); but we agreed that it just didn't send a surge of power through the electrical industry with its design and technical innovation or promise of impact on future development.

That left us with three products: the Sony Walkman, Ferguson TX and Philips TC2100. Why manufacturers insist on using intimidating reference codes I do know but will never accept, and even the Philips consumer publicity literature refers repeatedly ot TC2100 and TC2000 (the latter, if you read the small print diligently, appears to have no cassette recorder). The non-trade judges later discovered that this Philips product is really known, more sensibly and descriptively, as the "Tube Cube"; but just to confuse everyone, it is also referred to on Press releases as the Combi.

Thereafter, agony prevailed with the conscientious judges. We were, after considerable discussion, a hung jury. Eventually, one member changed his vote—partly (but not wholly) on the basis of a hyphen in the list of criteria. The nomination form states "it must be audio-visual . . ." which infers a visual function as well as an audio one. And so, with much heart-searching, the Sony Walkman was out.

The Ferguson TX television receiver range is a remarkable British achievement (more cheers from the judges) in which simplicity of design and manufacture have reduced all the circuit components to one printed board. This uses only 410 components against a previous 618, involves 400 less soldered joints, and has yielded a dramatic reduction in power consumption—which means less heat, the cause of many television breakdowns.

Undoubtedly a remarkable product, and in performance capable of really first class picture quality. But the judges were warned by trade members on the panel that the TX development is really not uniquely different from what one or two Japanese manufacturers have also done. With a few other minor niggles, the Union Jack was lowered—leaving the Netherlands the closely contested victors.

The Tube Cube was liked because of its ingenuity in bringing together, in one product, a variety of consumer features. Almost uniquely, the audio-cassette recorder has a pre-set clock allowing radio programmes to be recorded (or cassettes to be played back) automatically up to 24 hours in advance: a feature standard on videocassette recorders, but curiously absent on nearly all audio-cassette machines. The television side of the unit has 10 pre-tuned channel positions so that users taking the set into other areas (eg, to the weekend cottage) do not have to keep re-tuning the stations.

There are various input and output sockets extending the adaptability of the unit, an electronic clock with alarm and slumber settings, and generally a clever arrangement of features for the domestic user. Its appearance appealed to the judges (indeed, it has also won a design award in West Germany) and the performance of both picture and sound is excellent. At around £130, and with breakfast television on the horizon, it must have considerable consumer appeal—as UK sales of 15,000 units in the first 12 months suggests.

Commiserations, however, for Sony. Its Walkman audio-cassette player (originally launched under the name Stowaway) is a truly remarkable product. Small enough to go in a jacket pocket, weighing only 390 grams (the latest model is even lighter at 280 grams) it is miniaturised hi-fi that has to be heard to be believed.

With tiny lightweight headphones, it has created the new social phenomenon of the catatonic pedestrian who—equipped with almost invisible headphones—walks through crowds in a trance listening to Beethoven or Basie. It is said that using it on a skateboard or in other less mentionable sporting pursuits, the experience is heavenly.

In view of this photo-finish the Ferguson TX and Sony Walkman were singled out for special commendation by the judges. But I emerge from the experience with some dismay over the uneven standards of publicity and presentation the electronics industry displays when presented with such an opportunity. The two trade Press editors on our panel were sure that our three successful companies would exploit the accolade energetically. But 24 hours after the presentations last week, two of the three companies' Press offices were unaware of their success when I sought further information.

For that revelation alone, perhaps the competition will do some good in putting the industry on its toes.

Light Cavalry still looks good

RACING

BY DOMINIC WIGAN

THE EMPHASIS will be on quality rather than quantity this afternoon not only at the July Course but also on Monmouthshire's equally picturesque Chepstow track.

Eight have been attracted to the July Course for the £25,000 added Princess of Wales's Stakes on an afternoon when the Group Three Cherry Hinton sees just two more in action; while at Chepstow generous sponsorship for the Welsh Derby has again met with little response.

The late Herbert Blagrave, who died on Saturday, contributed £10,000 towards the £12,000 added prize money for the Welsh Derby and knowledge of the presence at Chepstow of just Six Mile Bottom, Admiral's Heir, Golden Brigadier and King's General for a race which secured a field of only six in 1980, would almost certainly have disappointed and irritated him.

Six Mile Bottom gained a long overdue win when running out a victor by threequarters of a length over Sheer Grit in Ascot's Churchill Stakes on firm ground at the Heath meeting, and he is preferred to Admiral's Heir, a couple of places ahead of King's General two days earlier in the King Edward VII Stakes.

In the belief that Pelerin may have made unusual improvement over the past few months, I do not intend opposing his three lengths Hardwicke Stakes victim, Light Cavalry, in the Princess of Wales's Stakes.

Prize money for the John Smith's Magnet Cup, boosted by £6,000 to £21,000 added to coincide with the race's 21st anniversary last year, has been maintained at that level for the 22nd running at York on Saturday. Now the longest running Flat sponsorship of major significance, the John Smith's Magnet Cup is the season's most valuable handicap staged over a mile and a quarter. There are 41 acceptors including Fine Sun and Tesoro Mio, winners of the John Smith's Magnet Cup for Yorkshire stables in the past two years.

NEWMARKET

2.00—Mailman*
2.30—Quest
3.00—Nealto
3.35—Light Cavalry**
4.10—Shaady
4.40—Sharp End

CHEPSTOW

2.15—Street Market
2.45—Lethe
3.45—Six Mile Bottom
4.45—Pale Moon***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 9.05 For Schools, Colleges. 10.55 Cricket: Second Test. 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Heads and Tails. 3.15 Your Songs of Praise Choice. 3.50 Goreuon Gwynfryn: Highlights of Hywel Gwynfryn's variety show. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The Record Breakers. 5.10 John Craven's Newsround. 5.15 Ask Aspel.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Medical Express.
7.25 The Tuesday Film: "Goin' Coconuts," starring Donny and Marie Osmond
9.00 News.
9.25 Jump Jet.
10.15 Goodbye Darling . . .
11.05 It's A Dog's Life.
11.35-11.40 News Headlines.

All Regions as BBC1 except as follows:

Cymru/Wales — 5.15-5.40 pm Yr Awr Fach. 5.55-6.20 Wales Today. 6.55-7.25 Heddiw. 11.35 News Headlines. News and Weather for Wales.

Scotland — 9.55 am The Wombles. 10.00 Jackanory. 10.15 Godzilla. 10.30-10.55 Take Hart with Tony Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.05 . . . Tir Mo Ghraidh: My Beloved Land. 11.35 News and Weather for Scotland.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News Headlines. News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1, 4.20 pm).
1.35 pm Cricket: Second Test —England v Australia from Lord's.
6.05 Open University.
6.55 Jacqueline du Pré Master-class.
7.30 Mid-Evening News.
7.40 My Music.
8.05 Taking the Strain.
8.30 The Theatre Quiz.
9.00 Rhythm on Two.
9.30 Maybury.
10.20 Cricket: Second Test highlights.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Custom Cars. 9.40 Bailey's Bird. 10.10 Hands. 10.35 The World We Live In. 11.00 Little House on The Prairie. 11.50 Dick Tracy Cartoon. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus. 2.25 Racing from Newmarket covering the 2.30, 3.00 and 3.35 races. 3.45 Looks Familiar 4.15 Porky Pig and Daffy Duck. 4.20 Razzamatazz. 4.45 Heavens Above. 5.15 Diff'rent Strokes.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Years of Lightning.
7.30 The Jim Davidson Show.
8.00 George and Mildred.
8.30 You're Only Young Twice.
9.00 The Spoils of War.
10.00 News.
10.30 Whose Hand on the Tap?
11.30 The Questors.
12.00 Barney Miller.
12.25 am Close: Sit Up and Listen with Dame Janet Baker.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 Hands. 10.55 The Walt Disney Classic. 11.05 Spread Your Wings. 11.35 Portrait of a Village. 12.30 pm Gardening Today. 1.20 Anglia News. 5.15 Bygones. 6.00 About Anglia. 11.30 Tenspeed and Brown Shoe. 12.25 am Methodists in Conference.

ATV

9.35 am Here Comes Mumfie. 9.50 Young Fishermen of Bay Bulls. 10.15 Family Hour. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 2.00 The Royal Show from Stoneleigh Abbey. 3.45 The Royal Show 5.15 Happy Days. 6.00 ATV News 6.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 Pans.

BORDER

9.30 am Sesame Street. 10.30 Cartoon Time. †10.35 Morning Matinee: "Windbag the Sailor," starring Will Hay. 1.20 pm Border News. 5.15 Welcome Back Kotter. 6.00 Lookaround Tuesday. 7.30 Charlie's Angels. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather 5.15 Survival. 6.00 Channel Report. 7.30 Hagen 10.28 Channel Late News. 11.30 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.45 am First Thing. 9.50 Wild, Wild World of Animals. 10.15 Hands. 10.40 Sesame Street. 11.35 Stars on Ice. 12.30 pm Gardening Today. 1.20 North News. 5.15 End of Part One. 6.00 Summer at Six. 11.30 North Headlines. 11.35 Paris By Night.

GRANADA

9.30 am Dick Tracy. 9.35 Target The Impossible. 10.00 Cartoon. 10.10 Who's Afraid of Opera? 10.35 The Adventures of Niko. 11.00 Sesame Street. 1.20 pm Granada Reports. 5.15 Mork and Mindy. 6.00 Granada Reports. 6.25 This is Your Right. 7.30 Hagen. 11.30 It's a Musical World.

HTV

10.10 am The Splendour Falls. 10.35 "The Constant Husband," starring Rex Harrison, Margaret Leighton and Kay Kendall. 12.30 pm Gardening Today. 1.20 HTV News. 5.15 Rookie Revue. 5.20 Crossroads. 6.00 Report West. 6.30 Mork and Mindy. 10.28 HTV News. 11.30 The Questors.

HTV Cymru/Wales—As HTV West except: 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 4.15-4.45 Camigam. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Cefn Gwlad. 11.15-11.45 George and Mildred.

SCOTTISH

9.55 am The Snows of Garabaldi. 10.20 Kum Kum. 10.45 Welcome to the Ceilidh. 11.10 Bailey's Bird. 11.35 Stars on Ice. 12.30 pm Gardening Today. 1.20 News Headlines and Road and Weather Report. 3.45 The Royal Show from Stoneleigh Abbey. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Father Dear Father. 11.30 Late Call. 11.35 The Monklands International Bowling Tournament.

SOUTHERN

9.35 am Untamed World. 10.00 Young Ramsay. 10.50 History of the Motor Car. 11.15 Stingray. 11.45 How. 1.20 pm Southern News. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads 6.00 Day by Day. 7.30 Hagen. 11.30 Superstar Profile.

TYNE TEES

9.20 am The Good Word 9.25 North East News. 9.30 Tuesday Matinee—"Christopher Columbus," starring Fredric March. 11.05 Coral World. 11.50 Mumbly. 1.20 pm North East News and Lookaround. 5.15 The Flying Kiwis. 6.00 North East News 6.02 Crossroads. 6.25 Northern Life. 7.30 Charlie's Angels. 10.30 North East News. 11.30 Run from the Morning. 12.00 Learning from Children.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Bygones. 7.30 Hagen. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

9.30 am The Galway Way 10.30 Bailey's Bird. 10.50 Target the Impossible. 11.15 Sally and Jake 11.30 Out of Town. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today 1.20 Westward News Headlines. 5.15 Survival. 6.00 Westward Diary. 7.30 Hagen. 10.32 Westward Late News. 11.30 Faith for Life. 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Wild, Wild World of Animals. 10.05 The Beachcombers. 10.30 Cities. 11.30 Butch Cassidy. 11.55 Wattoo Wattoo. 12.30 pm Looks Familiar. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Survival. 6.00 Calendar (Emley Moor and Belmont editions) 7.30 Charlie's Angels. 11.30 Pavilion Folk.

(s) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Wheels with Dave Lee Travis. 8.00 Richard Skinner. 10.00-12.00 John Peel (s).

RADIO 2

5.00 am Steve Jones (s). 7.30 Terry Wogan (s). 10.00 Jimmy Young (s). 12.00 John Dunn (s). 2.00 Jean Challis (s), also racing from Newmarket. 4.00 David Hamilton (s). 6.00 David Symonds with Much More Music (s) 8.00 Hubert Gregg says I Call It Genius: Irving Berlin (s). 9.00 Marching and Waltzing (s). 10.00 You've got to be Joking. 10.30 "Patterson. 11.00 Brian Matthew with Round Midnight. 1.00 Truckers' Hour (s). 2.00-5.00 You and the Night and the Music (s).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Menotti (S). 9.55 Mozart piano recital (S). 10.25 Interlude. 10.55 Cricket: Second Test—England v Australia including 1.05 pm Six Continents (as vhf). 1.25 News. 1.30 Lunchtime Scoreboard. 6.30 Mainly for Pleasure (S). 7.00 Early Baroque Dialogues and Duets (S). 7.30 The Quality of Mercer. 8.15 Beethoven Piano Sonatas (S). 8.55 What Books I Please. 9.15 Collegium Aureum (S). 10.00 String Quartets (S). 11.00 News. 11.05-11.15 Vivaldi (S).

VHF—with Medium Wave except as follows: 5.55-6.55 am Open University. 10.25 Halle Orchestra (S). 12.20 pm A Celebration of Venice, part 1 (S). 1.00 News 1.05 Six Continents. 1.25 A Celebration of Venice, part 2 (S). 2.20 The Younger Generation (S). 2.50 Now and Then (S). 4.25 Jazz Today (S). 4.55 News 5.00 Mainly for Pleasure (S). 11.15 pm-12.55 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Miles of London (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News 3.02 A Dance to the Music of Time, by Anthony Powell (S). 4.00 Other People's Radio. 4.15 Excellency. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme News. 6.00 News, including Financial Report. 6.30 Brain of Britain 1981 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 When the Chips Come Tumbling Down. 8.15 The Week in Synod. 8.35 A Touch of Genius. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Living Night. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music On The Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

6.00 AM—Bob Holness and Douglas Cameron: Barnard Miles talks about the opening of the new Mermaid Theatre. 10.00 Brian Hayes. 12.00 LBC Reports 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne (rock music). 10.30 John Sachs's Late Show.

هكذا من الأصل

F.T. CROSSWORD PUZZLE No. 4,613

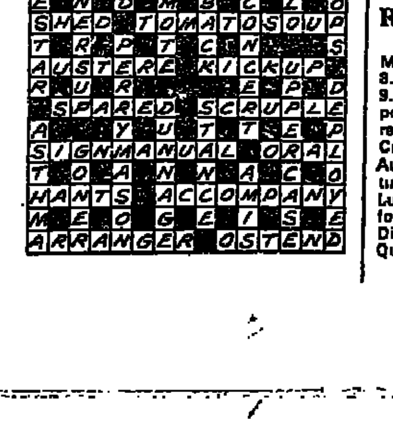
ACROSS

1 Made arrangements for notes to be collected (8)
5 A game interrupted by a learner? Or a God? (6)
9 Missile launcher sends artist back to untidy stable (8)
10 What a cricketer may do to his leg? Just look! (6)
11 Partner joining in with poetry and recantation (8)
12 I sat one Sunday making an old fashioned coat (6)
14 From which C.A.M.R.A. members like their drinks; and if a dance follows there will be music (4-6)
18 Liberace's key-holder perhaps (5,5)
22 Briefly, I am alas compelled to return for this delicacy (6)
23 A longing to get one's teeth into part of an obsolete book-title (8)
24 One lad gets smashed up but there are no lumps to be seen (6)
25 If it's a collie it's got a long tail, but if it's a collier it has no pier (8)
26 The principal first violin we hear: in German songs? (6)
27 A place where many a yarn may be recounted? (8)

DOWN

1 Little fellow it's said is covered with sores (6)
2 Capable of moving gang to French island (6)
3 An objection to tedious square must be extended (6)
4 Midshipman finishes with Vermouth, but also with words of restraint (4,4,2)
6 Propels sailor in "Polaris" (4,4)
7 What pupils don't like, but it's not imminent (4-4)
8 How the life of a cricket ball is expressed, although it's exaggerated (8)
13 Flower inverted under trade-mark for a gingerbread biscuit (6-4)
15 Wherein there's a potential source of life. That isn't difficult to crack! (8)
16 Follow a painter and see what's attached to the tower (4-4)
17 A mother going to auction water (5-3)
19 Is it up to sailors to see that they are rent-free? (6)
20 For people it is exciting, but for a batsman it may mean the end (6)
21 The climax of prosperity and a busy time for the farmer we hear (6)

Solution to puzzle No. 4,612



ENTERTAINMENT GUIDE

OPERA & BALLET

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FINANCIAL TIMES

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THE ARTS

Matthiesen/Heim/Wildenstein

Violence and beauty

by DAVID PIPER

South of Jermyn Street, in Mason's Yard off Duke Street, a familiar name from Bond Street, Matthiesen, has opened new premises, custom-built, with a show — bombardment almost — of "Important Italian Baroque Paintings" (until July 31). The last exhibitions on this theme on this scale in London were the "Venetian Seventeenth Century Painting" at the National Gallery and "Painting in Florence — 1600-1700," both in 1979. A Carlo Dolci of "David with the Head of Goliath" repeats here from the latter show, as if to emphasise the common theme of violence treated with ambivalent sweetness of colour and texture—here an androgynous David in a saucy hat, with a huge sword and the huge head of Goliath with the stone (prettily marbled, elegantly spherical) embedded plumb central in his forehead, like a jewel set in blood.

I wonder whether the enthusiasm for the *seicento* among art-historians has begun to infect a more popular taste. The "important" however, ascribed by the gallery to the show, is not overstated. There are here works of important masters indeed. Besides Dolci, Guercino, Lanfranco, Castiglione, Albani, Pietro da Cortona (a landscape of serene classical symmetry, not characteristic, but fairly convincingly attributed). The catalogue is detailed in depth, very properly, but addressed perhaps over-conscientiously to the specialists ("The lyrical painting style of Valerio Castello is well known. . .").

The exhibition is in aid of the restoration of the Guarino paintings at Solofra and the Giottesque frescoes in Sta. Chiara, Naples, damaged in the earthquake of last November. Rightly, some of the most striking paintings shown are by artists associated with Naples: Caravaggio is not present, but his influence is eloquent in images such as Preti's ceremonious version of Salome displaying the head of St John the Baptist, and no less in some brilliant still-lifes, and then fully absorbed in the very fine late Ribera of St Simeon with the Christ Child, which is almost Rubensian.

For sheer, unalarmed pleasure, however, I would recommend the calmer paintings. The Pietro da Cortona; a Salvator Rosa landscape, with not ferocious but mysteriously elegiac *banditti*, reads like an approach to the promised land; a no less mysterious hazy little vision of trees and a half-glimpsed temple, splashed with colour and an unexplained flurry of human action almost off-stage in a corner, is by Cecco Bravo, a very rare painter almost rococo in feeling. There is the most sweetly seductive little variation, by that delightful painter Mola, on Correggio's *Madonna del Latte*.

But in the end, if you linger, I suspect it will be the grand baroque compositions on the dramatic themes that you will remember. St Sebastian in two unusual phases of his story: one shows him post-martyrdom but with the splendid torso miraculously immaculate; he is being borne in glory to Heaven, with two arrows borne alongside by an obliging *putto*. That is by Lanfranco; the other, a beautifully equipoised composition of truly grand simplicity, showing St Irene extracting an arrow from the saint's flank, is by one G. B. Caracciolo called Battistello — but one of several paintings by artists whose names will be unfamiliar to most, yet which bear comparison with masterpieces such as the two admirable Guercinos here.

The scope and standard of quality of this exhibition is startling. The proprietors explain that this is due in part to the three-year interval during which their new premises were being planned and built, providing the opportunity to stockpile. They warn that comparable shows will be achieved rarely if at all, as the best of this period is vanishing irrevocably and at such speed into the museums, but it is an auspicious start.

Further north, in Jermyn Street, the summer exhibition at Heim is titled frankly as "Art in Decoration" (till August 28), though confronting the visitor immediately upon entrance with one of the most superior pieces of wordly pomp and pride I've seen for some time. This is a profile in high relief (seems feet deep and a ton or so in weight in marble and Comblanchien stone) of the Marquis de Louvois. Something of its formidable impact is no doubt due to the fact that it must have been designed to be seen at some distance and from below, but is here seen in positively brutal close-up, but it is a masterpiece of the sculptor Coysevox. Generally, the display is lighter in key, the scene set by a series of large decorative panels by Andriessen, enough to panel a room and enclose its inhabitant in an arcadian dream of fair weather, shepherds, nymphs, statuary, and a ruin or two. A set of early 18th century Italian overdoors has metamorphosis of Jupiter, the Jupiter-as-swan perhaps the most lecherous in expression of any in that often-painted theme, though welcomed with quiet interest by Leda ("made for a bedroom," suggests the catalogue).

For specialists, there is a rediscovery from one of those attempts to inspire an English school of history painting that foundered in the economic crisis of the French wars in the 1790s. It is on a Chaucerian theme — *Constance revealing herself to her Father*, by J. F. Rigaud, though the revealing is achieved with a genteel sensibility of gesture far from Chaucerian. There is also a most unexpected camel by Zucarelli. A fine range of small sculptures ranges from the baroque through the rococo to the neo-classic—with a striking juxtaposition of a very austere, very draped terracotta of *Charity, by Dardel*, a high art-establishment figure in Napoleonic France, with a characteristically seductive young girl by Clodion (of much the same date) in which drapery is used to emphasise nakedness and another aspect, perhaps, of Charity. The climax is two splendid paintings by Julius Victor Berger, of the 1870s: very grand matrons presented as allegories of Rome and Venice, resplendent against gold leaf, by the painter who provided that sumptuous ceiling for the great staircase hall of the Kunsthistorisches Museum in Vienna — and was also the master of Klimt.

Further north again, Wildenstein in Bond Street has gone into collaboration temporarily with the Parisian Musée Marmottan. I suppose most tourists who trek out from central Paris to the charming house near the Bois, go to see the Monets (most famously, that canvas *Impression-Soleil* from whose title the term Impressionism derives), but before there was Monet there, there was, and still is, a major collection of French Empire pictures, furniture and objets. "Consulat-Empire-Restoration" is on till the end of July.

Lanfranco's St. Sebastian Carried to Heaven by Three Angels

Unexpectedly, compared with the big guns of Matthiesen's show, a deep deep calm prevails at Wildenstein, hardly an echo of the thud of the guillotine, nor of the cannon at Austerlitz or Jena. Apart from his spirited scenes of revolutionary history by Fragonard's son, Alexandre Evariste, very retrospective (1830), peaceful elegance prevails, whether in charming landscapes more or less in the great franco-italian tradition of Poussin, or in genre, or portraiture of languid persons with endless legs, and wearing their waists immediately under their shoulders. English awareness of French art in the Napoleonic era is not widespread.

Of known names, David, Ingres, Delacroix, also Gros, Gérard, Girodet, are represented by good but not strikingly representative examples. The person of Napoleon is not stressed, apart from Girodet's startling head of him, irridescent in a nimbus, but there is a brilliant Proud'hon study for the Peace of Leoben and the hero appears again naked, laureate, riding an airborne chariot in a pencil study by Ingres for an Apothesis. Charm is to be found amongst lesser-known painters; pictures you would like to hang on your walls, as evidently did the heirs of revolutionary France. There is a fresh, atmospheric woodland glade by Valenciennes (though he is scarcely unknown following his establishment as pioneer of the oil-sketch direct from nature), but Bertin is well represented—and seek out the landscape by Turpin de Crisse, a courtyard by Bouhot.

Compare Musée's study of a packed life-class at Gros's atelier with a naked female model, with another canvas of Pujol's life-class, demure young ladies, very fully clad, clustered about an equally fully clad model. That delightful painter Gauffier, who was based in Florence — and is somewhat known in England, for his small-scale whole-length portraits of grand tourists—is represented by a characteristically elegant study of an inordinately and romantically handsome officer of the Cisalpine republic, but also by a delightful, equally moody, view of Vallombrosa.

Festival Hall

Ravel's operas

by DAVID MURRAY

Ravel's two one-act operas make so good a double bill, even in concert performance, that their divergence in moral tone is doubly said: the children's piece *L'Enfant et les sortilèges* must plainly come second, but not every parent will want his child introduced to the delights of *L'Heure espagnole* — and besides it is a rare conductor who can bring equal finesse to both scores. On Sunday André Previn, with the London Symphony, sketched Franc-Nohain's risqué farce with a broad nib; Colette's gentle fantasy got a more stylish reading, despite an excess of conductor's licence. With good casts they made a happy evening, if scarcely a memorable one.

The clock-haunted prelude to *L'Heure espagnole* was spread out very tenderly, and the friendly, comfortable note prevailed throughout the piece at some cost to its comic musical bite. Perhaps there was an anxiety to get the words across (needless, since the generous programme-book included the full texts): recitatives were unconscionably laggardly, and Previn's slowness with orchestral cues left a series of small stage waits. The mischief in the Spanish dance rhythms wilted while Ravel's mock-flamenco cadenzas were heavily indulged. For all that — and despite Philippe Huttenlocher's over-refined portrait of the virile muleteer — it was great fun. Anne Howells' very sound Concepcion needed only a little more spice of variety; John Brecknock was a fine flowery poet, matched by Bernard Dickerson's myopic cockold and Jules Bastin's municipal seducer. A crisp effort to save five minutes in the performance would have made it first-class.

Perhaps Previn takes more easily to the frank set-piece structure of *L'Enfant et les sortilèges*. (In the earlier opera both Ramiro's monologues and Concepcion's "Oh! la pitoyable aventure!" are and should sound like formal numbers, but didn't.) The whole sequence of turns was managed with some elegance, though there was much orchestral inaccuracy—and some blatant re-writing: deliberate gulps of breath in the seamless oboe introduction, an irritating drum-buzz under the shepherds' chorus, a silly trill on a high trombone note. Yet the piece worked its magic, with the large cast—all multi-parted but the Child himself—evidently revelling in their tasks.

The main high-soprano roles were confidently taken by Arleen Auger (uncommonly neat with the Fire coloratura), and the mezzo ones by Jane Berbié and Jocelyne Taillon, both excellent French specialists. Bastin and Huttenlocher shared lesser parts enthusiastically with Philip Langridge and Linda Finnie. The Child was the young American soprano Susan Davenny Wyner: the right timbre and fairish French, but slack about rhythm — and how could she choke off the phrases of "Toi, le coeur de la rose" so brusquely? She made a sympathetic central figure, at least; and the Ambrosian singers rose meltingly to the comforting farewell, even if the oboes did join them at another tempo.

Book Reviews

Brechtian battles

by MICHAEL COVENEY

Theatre At Work: The story of the National Theatre's production of Brecht's Galileo
by Jim Hiley. Routledge and Kegan Paul. £9.75 (£5.95 paperback), 239 pages

Victorian Spectacular Theatre 1850-1910
by Michael R. Booth. Routledge and Kegan Paul. £12.50, 190 pages

The Revolution in German Theatre 1900-1933
by Michael Patterson. Routledge and Kegan Paul. £12.50, 232 pages

Henry Irving And The Bells
by David Mayer. Manchester University Press. £15.00, 134 pages

There are surprisingly few theatre production casebooks, in English at least, preserved between hard covers. In fact, outside of Kenneth Tynan's accounts of the Olivier *Othello* and of William Gaskill's production of *The Recruiting Officer*, and, more recently, John Heilpern's vivid documentation of Peter Brook's African experiment, I can think of none. Theatre production in a wider social context was cleverly tackled by A C H Smith in his story of another Brook extravaganza, *Orghast at Persepolis*.

Jim Hiley's outstandingly lucid and entertaining account of the National's *Galileo* is one of the best theatre books I have ever read. It has all the qualities of a good thriller, taking us right through to opening night and the reviews from the show's inception some years previously. The main characters are the acid-tongued, slightly camp director, John Dexter; the designer, Jocelyn Herbert, who saw her work as redefining the Olivier stage's possibilities; the lugubrious, publicity-shy actor, Michael Gambon, who shook off the label of cuddly Alan Ayckbourn support thespian to find stardom in the title role; the garrulous costume supervisor, Ivan Alderman, who loathes the play for all its associations with the left-wing intelligentsia; and the labyrinthine bureaucracy of the National Theatre itself.

The engrossing background is of an Establishment theatre undertaking a socialist classic that needs 147 costumes, 29 beards, 71 pairs of tights, and 25 new pairs of shoes. It was produced on a budget of £33,000, not including internal labour costs (you sit up with a start on learning that the sections of a huge grey screen were specially heat-welded in Germany). And there are running battles over whether the last scene, showing the *Discorsi* being smuggled over the border, should or should not be included.

Every single aspect of the show's preparation is described in clear prose that will delight non-specialists. Photographs by Zoë Dominic accompany every main point in the action. The story of the final installation of the scenery, for instance, brings a technical fit-up to life in a way I would never have dreamed possible.

Galileo has proved to be one of the National's biggest successes. Initially, only 30 performances were going to be given but, one year after the opening, performances are still scheduled in the theatre's August booking leaflet. Given the traditional British distaste for Brecht, this is a remarkable achievement. It is an achievement for which Jim Hiley's book stands as a permanent star witness. And, apart from anything else, it is the best piece of extended writing about the National Theatre to have come my way.

The National's associate director, the academic John Russell Brown, is general editor of a lively new series of practical history books setting out to view key periods through reconstructions of major productions. Michael Patterson covers well-trodden ground but traces the influence of Expressionism on Piscator and Brecht with dogged relish. Michael R. Booth's contribution, on the other hand, is a real eye-opener. He shows how a general Victorian taste for spectacular received apocalyptic expression in Henry Irving's *Faust* at the Lyceum in 1885 and in Beerbohm's Tree's *King Henry VIII* at His Majesty's Theatre in 1910.

David Mayer's editing of Irving's personal script of *The Bells* (1871) is, likewise, a mine of riveting information, including all the music and a complete break-down of the costume plot. Every piece of business executed by Irving is fully described and an historic occasion is brought pulsatingly to life. This batch of books dispels any suspicion that the business of theatrical history is a merely necrophiliac pursuit.

Paris theatre

From Surrealism to Goldoni

by NICHOLAS POWELL

Roger Vitrac lapsed surrealist and collaborator with Antonin Artaud, would probably have appreciated the fact that a lot of people have been walking out of his play *Mysteres de l'Amour* at the Theatre de la Michodiere in Paris.

The nature of the play, and not its quality, is behind the desertions: the Michodiere specialises in frothy farces and has a regular clientele of *boulevard theatre fans*.

Mysteres de l'Amour, directed by Viviane Theophilides, was a much applauded part of last year's Avignon Festival but has only just opened in Paris. The play depicts the love life of a couple, in terms of enacted fantasy and scraps of diologue dramatised without any day to day context. Vitrac concentrates on the most intense, irrational, moments of the relationship, the destructive desires which are normally camouflaged or repressed by social form and the dominant idea that being in love means being nice to one another.

The resulting play, needless to say, is formless, with only the barest shadow of a plot. Lea and Patrice make love loathe each other, run away from each other, conceive a child which dominates them completely. Vitrac throws in the cliché of the wife's jealous lover and twists the idea by having him fall in love with her husband, Patrice.

The play is full of surrealist symbols which doubtless served to epater le bourgeois in 1927 but which nowadays send the modern audience into giggles or huffs of irritated incomprehension. The symbols include a bloody cadaver, a nun, an operatic tenor, a lascivious mother in law, gunshots fired into the audience and an enormous baby doll which practically fills the stage.

Vitrac throws in outrageous "play within a play" elements: the "author," played by an actor in the gallery is insulted by the actors and eventually assassinated; a stuttering announcer begins successive acts with a scene setting prologue describing non existent scenery. A jazz trio plays free jazz by way of accompaniment.

Mysteres de l'Amour is infuriating at moments: Vitrac does not manipulate his surrealist trappings with great subtlety. But there are many moments when the Lea-Patrice couple are moving and droll and far more expressive of the craziness of being in love than any "realistic" *boulevard* farce.

The Comedie Francaise has added a production of Goldoni's *La Locandiera* by Jacques Lassalle to its repertoire. The play in which three men customers fall in love with Mirandoline, glamourous and intelligent inn owner, is taken not as a bustling farce but as a bitter sweet comedy about the complex games played by men and women in love. It is still wonderfully amusing but gains in psychological depth and pathos. Jean-Luc Boutte, an outstanding Tartuffe last season, plays Ripafratta, a misogynist nobleman who, having fallen for Mirandoline's seductive traps grows out of his loathing of women only to suffer pain and humiliation when she rejects him. Mirandoline, in her dangerous game playing, comes close to loving Ripafratta but being more expert manages to keep her emotions on the brink.

Alongside this unhappy passion two rival and decadent noblemen—brilliantly acted by Nicolas Silberg and Jacques Sereys—vie desperately for the attentions of Mirandoline, Catherine Hiegel gets across the intelligence and sensitivity of the innkeeper, but lacks the obvious beauty necessary to make her admirer's infatuation credible. Unfortunately for the denouement of Jean Paul Roussillon as Fabrice, the inn hand who eventually marries Mirandoline, comes across as little more than a slope shouldered, grouchy lacky. Consequently Mirandoline's last act rejection of Ripafratta in favour of Fabrice is quite out of keeping with the intelligence and taste she has shown throughout the play.

Another Comedie Francaise production is much less inspiring: Corneille's *Sertorius*, directed by Jean-Pierre Miquel, has rejoined the repertoire, having slipped out of it in 1805. Corneille said that "politics are the soul of this tragedy." But the politics do not make for good poetry. Nor do the mutiple references to the Fronde rising of 1648 which run through the play make for instant drama.

Despite a hefty performance by Jose-Maria Flotats—the first Spaniard ever to join the troop—as Pompee, most of the actors have nothing lyric to get to work on. The performances are off balance, sometimes soulless and the Alexandrines churn out without lilt or subtlety.

A scene from Mysteres de l'Amore

In a more irreverent vein Louis Thierry, known for his excellent cafe theatre creations, has pulled off another success with *La Guerre des Petites Etoiles* at the Comedie de Paris, rue Fontaine. The theme is similar to that of his last year's production. "La Staaar": Thierry has an obsessional interest in cinema stars. *La Guerre des Petites Etoiles* is a zappy and tightly performed series of song (mainly French music hall classics) and dance routines strung around the career of a French actress Remonda who high kicks her rivals aside on her way up the ladder to Hollywoodian success.

Sainsbury aid for arts

Sainsbury's has increased and co-ordinated its support for the arts. Yesterday it announced a £500,000 aid programme over three years with three main beneficiaries—Sadler's Wells Royal Ballet, Kent Opera, and the Polka Children's Theatre. There is still some money left in the kitty which is likely to go to the visual arts.

The companies sure of Sainsbury support all tour, and the company links its aid for the arts with its expansion, with new stores, throughout the country. There is already an established promotional link between local stores and the appearance, in the vicinity of the Royal Ballet and Kent Opera.

Mr. Paul Channon, the Minister for the Arts, congratulated Sainsbury on its new programme and gave it, as his estimate, that industry now donated almost £6m a year to the arts, a substantial rise over the past year, despite the recession.

Arts Council dance and mime awards

Under its scheme to assist creative talent in dance, the Arts Council has approved dance and mime awards to, among others, a director, a designer, a composer and four choreographers.

Ben Benison, of London NW10, has been commissioned by the recently formed mime company, Theatre Whispers, to direct their next full-length work. An award for Micha Berkhese will enable him to choreograph a new work for his own educational group, Mantis.

Liz Da Costa will use her award to work on the design for a new programme commissioned by Mantis Dance Company. Tony Thatcher, of Muswell Hill, London N10, receives his award for the choreography of a new work. The three other recipients are Miranda Tufnell, Michael Pink and Peter Sander.

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Commodities: a dream ends

THE CONCEPT of international commodity agreements has taken a beating. Very little progress has been made towards negotiating new ones or re-negotiating existing ones. Both producer and consumer countries seem to be losing faith in the idea that agreements to regulate the prices of commodities internationally are a useful device to ensure fairness to all the partners, and to give developing countries a helping hand on the way out of their poverty.

In the case of cocoa a text has been patched up, but there are justified doubts whether it will ever enter into practical effect. The largest producer, the Ivory Coast, has stood aloof because it thinks the proposed price range too low. The European Community, which is the largest consumer, has doubts because of the Ivory Coast's absence. Another important consumer, the U.S., beleives that the price range is too far above today's market level.

New text

Similarly in the case of tin a new text has been agreed, but the agreement may yet break down. Both the U.S., the largest consumer, and Bolivia, the third largest producer, are unhappy. Britain and West Germany would dislike going ahead without them, though the European Community has approved the text.

Little progress or none has been made with copper, cotton, jute and hard fibres such as sisal. In the case of tea, things have gone a bit better. The price range laid down for natural rubber is too low to have affected the market. In most cases special factors are at work; in all of them the widespread collapse of commodity prices during the international recession has made the negotiators' task difficult or impossible.

But a more fundamental flaw in the case for international commodity agreements has been brought out. Their fundamental purpose is to ensure stability of outlets to the producers and security of supply to the importers—both desirable objectives—and to ensure a fair price. The concept of *iustum pretium*, the fair price, has fascinated moralists ever since the Middle Ages, but they have not been able to find something more workable than the rough and ready machinery of the market.

It would be both unwise and wrong to let the matter rest there, given the dependence of many poor countries on exports of commodities. The Third World derives 57 per cent of its export from primary commodities, not counting oil, a figure which led the Brandt Commission on North-South relations to describe commodities as the "life blood" of the Third World. The Commission argued in favour of commodity agreements, but recognised that that was not enough. It called upon the developed countries to open the gates to manufactures or semi-manufactures from poor countries.

Danger

In the present condition of many industrialised countries that is a great deal to hope for. None the less the direction is correct. By diversifying their economies, provided they have a large enough population, many poor countries could hope to jump off the helter skelter of boom and bust which characterises the world of commodities.

Copper accounts for 94 per cent of the exports from Zambia; sugar for 90 per cent of those of Mauritius, and 84 per cent of those from Cuba. The Gambia derives 85 per cent of its export income from groundnuts and groundnut oil. These are structures that must be changed wherever possible. There is a danger that commodity agreements, instead, would freeze them.

A more promising approach is taken by the Stabex system, part of the arrangements between the EEC and its developing partners in the Lome Convention. Stabex provides help with foreign exchange if a developing country's commodities income falls away. But the money available is insufficient to close the gaps. The so-called second window of the Common Fund to be set up under the auspices of Unctad has yet to prove its worth once the agreement enters into force. From that window loans are to be extended to developing countries to make possible the local processing of commodities and to improve marketing and efficiency.

Money could be spent on these purposes with greater benefit than on the stockholding which in bad times becomes inevitable under commodity agreements. But for the prescription to work, industrialised countries will have to accept that barriers to Third World manufactures need to be lowered or removed. Taking in each others' washing is not going to be enough.

Durable miracle in Germany

THE ECONOMIC miracle of post-war West Germany has been pronounced to be dead again and again. As long ago as 1961 the Berlin Wall, by cutting off an inflow of work-hungry refugees from the East, was going to put paid to it in the view of some observers.

Then the relentless appreciation of the D-Mark in the 1960s and much of the 1970s was going to be fatal. The energy crisis was the next blow, followed up by ever more intensive competition from Japan. The steep fall of the D-Mark against the dollar and a current account deficit of $16bn in 1980 were seen to be the symtoms that *rigor mortis* was about to set in.

Budget deficit

Those signs of decline were accompanied by increasing difficulties with the federal budget. Herr Hans Matthoefer, the Finance Minister, was squeezed between the rising cost of paying benefit to an army of unemployed which has gone above the 1m mark and a falling off of tax growth as economic growth declined.

Herr Matthoefer himself has recognised that he is in trouble. He faces a budget deficit of DM34bn (about £7.5bn) this year, with worse to come in 1981. He has ruled out tax increases and is therefore looking for economies.

Into this picture of gloom there has burst today the annual report on West Germany of the Organisation for Economic Co-operation and Development. It states baldly that the German economy is basically strong, and goes on to list its reasons. Private fixed investment—as good an indicator as you could wish for of business feeling—is rising faster than in most OECD countries; structural adjustment to the needs of the transformed energy situation has been rapid; the trade unions are behaving reasonably; the external depreciation of the currency has sparked an adjustment benefiting the current account. Indeed, given an inflation rate which is low by international standards, the exchange rate may once again rise.

At this point the report of the OECD converges with a gloomier document about to be released by an advisory body of German academics, the so-called Five Wise Men. To them the D-Mark is undervalued *vis-a-vis* other member currencies of the European Monetary System, though they also state that the weakness of the German exchange rate in terms of the dollar is a warning signal. The main tenor of their report is that the continued budget deficits have caused a "crisis of confidence" and that spending cuts must be made.

The advisory body's reading of the overall economic situation does not differ too deeply from that of the OECD. It believes that in spite of a recent spurt of export orders the economy will remain sluggish.

By departing from their usual annual rhythm and releasing a special report out of turn, the wise men must be strengthening the hands of the Bundesbank and of those members of the coalition, above all Count Otto Lambsdorff, the Minister of Economics, who are sharpening their knives for the battle of the budget cuts to be fought out in the autumn. Their chief argument is likely to be that a tax quota (including social security levies) of 38-39 per cent of GNP cannot be raised further without causing serious damage.

The case is a strong one, but does have its dangers. Generous welfare payments, especially to the unemployed, have become a part of the German way of life, for which the unions are threatening to fight. Cuts in other areas could adversely affect growth prospects, as the advisory panel recognises. The OECD, too, urges Bonn to judge public investment on its merits, rather than on purely fiscal grounds.

The coalition must accept its share of blame for allowing expectations and hence spending to rise to levels which well nigh rule out an anti-cyclical fiscal policy. On a broader canvas, an export-oriented nation like West Germany cannot expect to prosper when its customers are in trouble. But the OECD forecasts and the improvement of export performance this year show that the patient is not dead by a long chalk.

THE DU PONT BID FOR CONOCO

A sharp intake of breath

By Sue Cameron in London and Paul Betts in New York

AS AMERICANS were celebrating the Declaration of Independence this weekend, the real fireworks were going on behind the closed doors of Wall Street's investment banks. Quietly and discreetly, Conoco and Du Pont senior executives, their lawyers and bankers, were putting together a bombshell which hit the market yesterday morning.

In what would be the biggest business combination on record, Dupont, one of the world's largest chemical companies, agreed to acquire Conoco, the ninth largest U.S. oil company and the country's second largest coal producer, in a deal worth nearly $7.3bn on the basis of pre-bid prices. This compares with the largest corporate takeover to date—Shell Oil's $3.56bn acquisition of the Belridge Oil Company two years ago pales into insignificance.

The takeover will lead to the through—will elad to the creation of a new group with total sales of $32bn and joint assets of nearly $20bn. The new company will rank seventh in the Fortune 500 list, above Gulf Oil, one of the Seven Sisters, and below the Ford Motor Company.

The proposed merger surprised a number of leading figures in the world's chemical industry yesterday—not least because of its size.

There was also some sharp drawing in of breath at the way Du Pont seems to have made something of an about-turn in its general approach to its business. Only eight weeks ago Mr Ed Jefferson, the newly-appointed British-born chairman of Du Pont, was saying the group had no intention of underpinning its basic chemical production with its own oil and gas raw materials.

Mr Jefferson said that such a move would "cost several billion dollars and would involve a commitment that is not consonant with our strategy over the years." Du Pont's future, he implied, lay primarily with speciality chemicals — a sector where the company was and is strong.

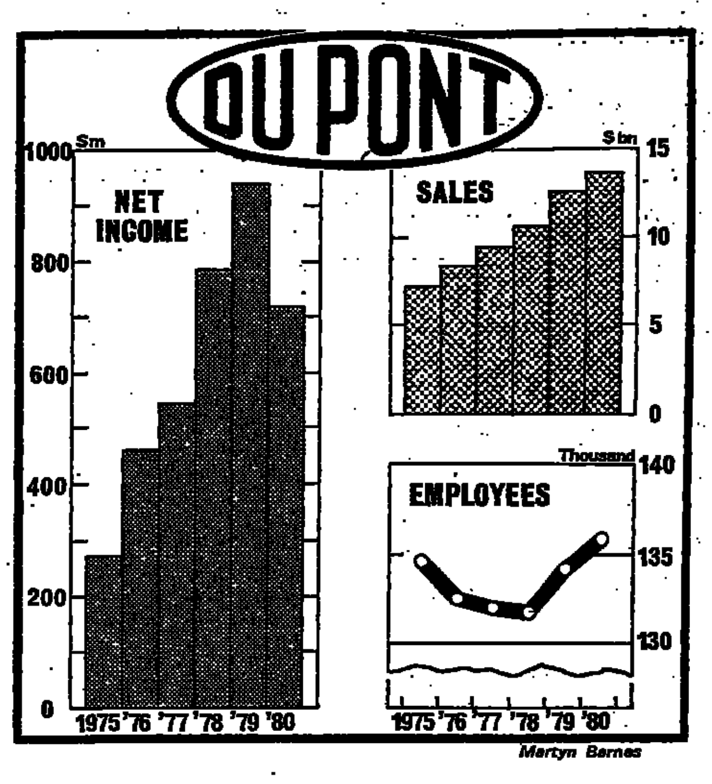
But now Du Pont is set to take over an oil and energy group—Conoco has particularly strong reserves of coal—which is bigger than itself in terms of sales and profits and which should provide an abundance of raw materials for making petrochemicals.

What is more, the deal will mark a reversal of the normal trend for oil companies to buy up chemical companies. If Mr. Jefferson, a strong, determined but gently-spoken man, is out to make his mark as a chemical industry leader, he could not have done it in a more spectacular way.

But why switch from a successful emphasis on speciality chemicals to commodity products and the oil and gas raw materials needed to make them? The immediate reaction from the chemical industry last night was that there are probably several reasons for the apparently abrupt change.

The first is that Du Pont has almost certainly not been chasing Conoco — rather the other way round It apears that talks between the energy group and Du Pont started only on June 25 — less than two weeks ago — and this in itself might suggest that Conoco went to Du Pont in search of a saviour.

"If Conoco was looking for a good home — and I reckon it was — then it has found one," remarked one of Du Pont's leading U.S.-based competitors last night.



Martyn Barnes

"I wouldn't say we were worried about the move—but it will certainly make Du Pont a far stronger competitor."

One unusual aspect of the proposed merger is that last year Conoco had sales of $18.7bn as against Du Pont's more modest turnover of $13.7bn. Conoco's net profits looked considerably healthier than those of Du Pont. The oil group has a net income of $1.026bn — well up on the $815.4m of 1979 — while Du Pont's net profits dropped by 24 per cent between 1979 and 1980 to $716m. One reason for the chemicals group's comparatively poor performance was the sharp impact of the recession on chemicals—particularly base chemicals.

Leading figures within the chemical industry who know Du Pont well say the group has considered investing in its own oil and gas raw materials at least twice during the past eight years. But each time it had dropped the idea on the grounds that:

● Specialities offered a better return—including, it should be said, some high volume products:

● The return on such a move might not be commensurate with the heavy outlay involved;

● There were other, cheaper, easier ways to secure raw material supplies for commodity chemicals production.

Du Pont has already concluded two deals designed to "secure a supply of hydrocarbon raw materials." One is with Shell Chemical, the U.S. arm of the Shell group, which will give Du Pont roughly a third of the heavy chemical feedstocks it needs. The other is with Conoco itself, which shows that the two groups are already more than nodding acquaintances.

Conoco and Du Pont have a joint natural gas exploration programme which is expected to provide Du Pont with more than one third of its natural gas requirements in the second half of the current decade. And at the end of last year Du Pont declared that the joint programme was "proving successful."

But it now seems that successful joint deals designed to secure raw material supplies for making basic chemicals were not enough for Du Pont. And if the merger with Conoco goes through, then the chemicals giant will have no need to worry about feedstock supplies — certainly not in the U.S. and probably not in other areas of the world either.

And the deal could come at a favourable time in that chemical sales in the U.S. and capacity utilisation are now beginning to pick up. In May Mr Jefferson, who is clearly well respected by his competitors, estimated that Du Pont's base chemical plants in the U.S. were operating at a healthy 90 per cent capacity.

Another point is that although Du Pont is committed to the production of basic chemicals, it does not have that large a presence in the sector.

Some industry experts reckon that petrochemicals proper may account for only some 10 per cent of the group's overall business. They add that a takeover of Conoco might have made more sense for a chemical company like Dow, where petrochemicals account for nearer 50 per cent of total operations.

Indeed Dow has been trying to expand its oil and gas holdings, and so have some of Du Pont's other major chemical competitors.

Yesterday Mr. Jefferson stressed that Du Pont's research expertise would marry well with Conoco's existing interests—notably in the fields of enhanced oil recovery and the conversion of coal to oil, gas and petrochemical feedstocks.

The group's position in specialties is certainly a powerful one. Over the past 20 years it has brought out some 80 new products and last year these accounted for 25 per cent of its sales and 35 per cent of its earnings. Mr Jefferson is clearly not going to abandon the lucrative niches in the market that Du Pont has worked hard to acquire.

Perhaps Du Pont, in making its offer, had in mind the growing threat from the oil-rich countries in the Middle East and elsewhere which are now beginning to develop petrochemicals industries of their own. Their potential impact on the chemicals industries of the U.S. and Europe is certainly one of which Mr Jefferson is aware. It could be that just as Du Pont has tried to make itself pre-eminent in its various speciality chemical markets, it is now seeing the attractions of pre-empting threats to its commodity businesses. In all events, the move must rank as one of the boldest yet seen in the chemical industry.

Why Conoco is looking for a partner

THE MAIN motive behind Conoco's willingness to be acquired by Du Pont is its determination to block a hostile takeover attempt by Seagram of Canada, the large distiller which has been shopping around for a major acquisition ever since it sold last year its U.S. oil and gas interests for $2.3bn to the Sun Corporation.

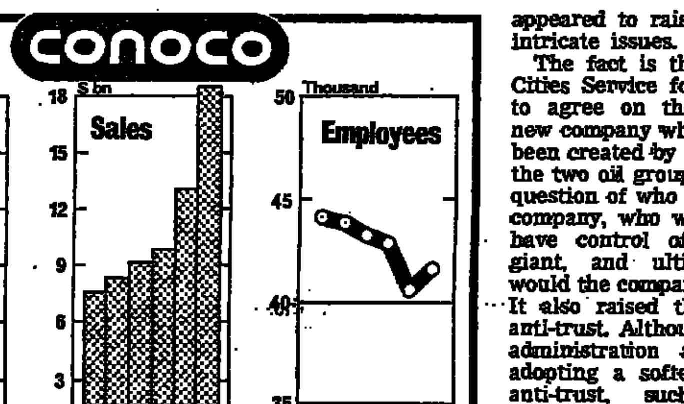
For the past four weeks, the atmosphere in Conoco's executive suite has been frantic. First it was forced to sell off its Canadian interests in Hudson's Bay Oil and Gas to Dome Petroleum of Canada. Then it faced repeated hostile advances by Seagram.

To fend off the Canadian group's unfriendly advances, Conoco discussed a merger with Cities Service, the nineteenth largest U.S. oil group, which would have created an Eighth Sister. But Seagram successfully torpedoed the Conoco Cities Service merger talks by offering $73 a share for nearly 41 per cent of Conoco's outstanding stock. To block what most Wall Street observers felt was a winning bid by Seagram, Conoco disclosed yesterday it started talking to Du Pont on June 25 and through these negotiations it finally found the white knight to rescue it from Seagram.

But although the huge business combination between Conoco and Du Pont is on the surface at least largely tactical in nature, the deal is not merely a shot-gun marriage. There is a certain logic to it as well.

Conoco already has a joint oil and gas exploration venture with Du Pont. As a leading integrated oil company, it has chemical and petrochemical operations. It is also the country's second largest coal producer with reserves of more than 14m tons of coal and Du Pont has advanced coal processing technologies.

Conoco, with sales of $18.7bn last year and revenues of nearly $1bn, has so far been primarily an oil and gas and coal company. It has proved oil reserves 2bn barrels, natural gas reserves of 7.2 trillion (million million) cubic feet and crude oil output last year averaging 458,000 barrels a day.



It is active in the North Sea and an industry leader both in technology for enhanced recovery and deep-sea exploration.

But in recent months, like other major U.S. oil companies, it has seen its earnings hit by the changing pattern in demand for oil products. Declining downstream demand coupled with the general oil glut in the international market have depressed its share price.

Conoco has also been hit recently by the 75-day strike of Appalachian coal miners which is expected in the short term at least to have an impact on earnings.

With Seagram fretting at the company's door, Conoco sought a merger with Cities Service. But unlike the Du Pont deal, the Cities Service merger appeared to raise a number of intricate issues.

The fact is that Conoco and Cities Service found it difficult to agree on the shap of the new company which would have been created by the marriage of the two oil groups. It raised the question of who would head the company, who would, in effect, have control of the new oil giant, and ultimately where would the company be run from. It also raised the question of anti-trust. Although the Reagan administration appears to be adopting a softer approach to anti-trust, such a merger between two large oil companies would inevitably have raised several eyebrows in Washington.

On the other hand, the Du Pont merger appears relatively more simple. After all, each company will retain their separate identities and their respective chief officers. Mr Edward Jefferson, chairman of Du Pont, emphasised yesterday that "the Conoco merger will not alter Du Pont's or Conoco's strategic direction." He also said that Conoco would operate under its present management as a wholly owned subsidiary.

Because the merger will probably create a highly integrated company which will be doing everything from extracting crude oil from the ground and processing it into very advanced products, the marriage may raise fewer anti-trust issues than Conoco's earlier efforts to merge with Cities Service. Although the enormous size of the new company will clearly cause considerable concern among anti-trust authorities, the Reagan administration has repeatedly indicated that "bigness is not necessarily badness."

Under its new anti-trust chief, Mr William Baxter, the Justice Department has also indicated it does not oppose mergers of large companies on the grounds of size alone. Indeed, Mr Baxter has said he favoured such mergers if there was a strong case that the merger would create a more efficient corporate entity. In this respect the Du-Pont-Conoco marriage is likely to be regarded as politically attractive in the Washington of Ronald Reagan.

MEN AND MATTERS

Art pacemaker

It was in a frankly commercial spirit that super-marketeer Sir John Sainsbury yesterday announced the company's first arts sponsorship programme with funds of £500,000 to be distributed over the next three years.

The arts have long benefited from the family's altruism through a number of virtually anonymous trusts. But the company's decision to enter the field is, Sir John says, "fully justified as good business." In bringing talented performers to a wider public, it would also bring more prestige and credit to an already well-respected name.

Brother Simon, who will oversee the programme, says that aid will be channelled into projects which will interest Sainsbury shoppers and their families and give value for money.

Company marketing expertise—and valuable advertising space in its stores—will be used to support the programme whose first beneficiaries will be Sadler's Wells Royal Ballet, Kent Opera and Wimbledon's Polka Theatre.

Much of the money will go to underwrite regional tours, catering for country-wide tastes in the Sainsbury style. "We long since penetrated the Watford Gap," says Simon.

Cash-starved Arts Minister Paul Channon proffered an open-handed welcome. There is endless scope, he says, for business sponsors despite the increase in funds from that source in the past 10 years from £500,000 to £6m.

Self-styled

Spurred on by the publicity which Saatchi and Saatchi has proved so successful in generating, the advertising industry now seems as keen on raising its own profile as it does on raising those of its clients. This week, the middle-sized (£35m annual billings) relatively conservative American-owned agency Wasey Campbell-Ewald launches a highly creative series of commercials—for itself.

WCE, which gave us Sir Robert Mark and his major contribution to road safety, and "le crunch" of French golden delicious apples, will be moving into the mid-week break of News at Ten for two weeks. The commercials also effectively advertise eight of WCE's clients, including Libby's and the Central Office of Information.

Canny Hugh Burkitt, managing director, has opportunely persuaded those clients to foot three-quarters of the £50,000 bill for the commercials, the first of which ran last night.

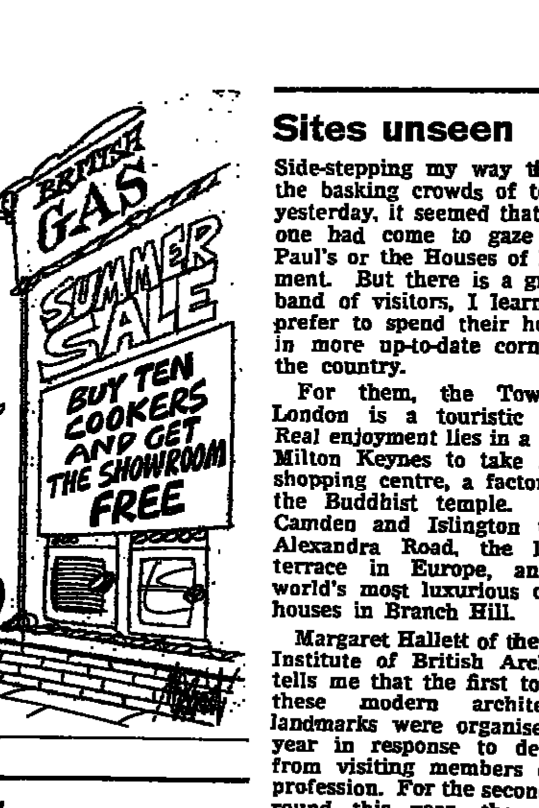
"Competition is so stiff," says Burkitt, "that only a certain magic few who have hit on a good run get the accounts. We decided to market ourselves more aggressively from now on."

Branch roots

It is a sign of the times that John Quinton, who is to take over as senior general manager of Barclays Bank, made his way through the undergrowth of the branch banking network and up through the retail banking operations. Retail banking, long a poor relation of its City cousins, is the growth area of the moment, and Barclays one of the most aggressive retail marketeers.

Quinton, 51, is remembered in Europe for his clashes with Deutsche Bank's redoubtable Eckart van Hooven over the future direction of European payments systems. Barclays went Visa, much to DB's chagrin.

More recently, Quinton was working behind the scenes chairing the control group set up by the clearing banks to cope with the industrial action earlier this year. While he had little chance to take the field then, he is likely to become one of the banking world's most visible spokesmen.



Fore!

A cautionary tale from Mervyn Greenway of stockbrokers Capel Cure Myers about the golfing chain letter which has been circulating in the City.

As I mentioned last week, recipients were invited to pass on the startling news that more good fortune flows from playing golf than a lifetime's devotion to business and promised bad luck to anyone who broke the chain.

Greenway got the letter—and laughingly put it aside. Three days later he was booked for speeding near Newmarket. He shrugged it off; and was promptly booked for another speeding offence on his way to a golf tournament in Cornwall.

Soon after arriving there, he discovered he had lost his wallet. And just in case . . . he distributed three copies of the letter to golfing friends. A few minutes later one of them found his lost wallet with contents intact.

Sites unseen

Side-stepping my way through the basking crowds of tourists yesterday, it seemed that every one had come to gaze at St Paul's or the Houses of Parliament. But there is a growing band of visitors, I learn, who prefer to spend their holidays in more up-to-date corners of the country.

For them, the Tower of London is a touristic cliche. Real enjoyment lies in a trip to Milton Keynes to take in the shopping centre, a factory and the Buddhist temple. Or to Camden and Islington to see Alexandra Road, the longest terrace in Europe, and the world's most luxurious council houses in Branch Hill.

Margaret Hallett of the Royal Institute of British Architects tells me that the first tours of these modern architectural landmarks were organised last year in response to demands from visiting members of the profession. For the second time round this year, the professionals are being joined by more general-interest visitors from abroad and by a lot of holiday-makers from other parts of Britain eager to see some of the country's modern wonders.

Water life

I am inclined to distrust the following conversation which a merchant banker acquaintance claims to have had with a plumber whom he called out to fix a burst pipe in the small hours of the morning. The work took the plumber 30 minutes to complete; whereupon he presented the banker with a bill for £50. "Well I say," protested the banker, "I could never earn £50 for a half-hour's work." "Neither could I," replied the plumber, "when I was a merchant banker."

THE TOXTETH RIOTS

A community turned in upon itself and seething

By Ian Hamilton Fazey

THE RIALTO CINEMA in the Toxteth district of Liverpool was once the scene of a celebrated murder. Years later it became a furniture store. Now it is a smouldering ruin, a monument to two nights of rioting which saw the use of CS gas on the British mainland for the first time.

Yesterday the people of the inner city area were clearing away the debris fearful that more trouble may be yet to come. The rioting has left a sharp division in Merseyside—and beyond.

On the one hand there are those who believe that the riots were the work of criminal hooligans, most of them black. The leading proponent of this view is Merseyside's Chief Constable, Mr Kenneth Oxford, who sees a failure of discipline at all levels in society, and especially in the home, as the root of the problem.

Ranged against this view yesterday appeared to be a broad grouping of Centre and Left politicians, community leaders, churchmen and many ordinary people who, though shocked at the scale of the violence, are not really surprised. In their view social factors such as long-term unemployment and a widening gap between some people's expectations and their opportunities are at the root of the problem.

What is striking to anyone who watched the weekend's developments—which left 255 policemen injured—is how they appeared to change from an almost spontaneous eruption of frustration into an organised assault on the police as a symbol of a hated authority.

The tinder was dry all over Toxteth — hundreds of unemployed youths incensed at what they believed was an unjust arrest of a young black motor cyclist on Friday night. On Saturday night about 100 people rioted and by Sunday numbers had swelled. As police were kept fully employed at the front line of the battle, organised looting occurred in the shabby Lodge Lane shopping area, with people bringing stolen vehicles to smashed shop fronts in order to transport greater volumes of stolen goods more effectively.

The scale and nature of the crimes may have been horrific. But lawlessness is nothing new in Liverpool 8. The area is one of the most dramatic examples of social and economic decline anywhere in Britain. People have been writing articles about it and its slum housing since the 1960s and it is instructive to examine what has been done for the area in that period.

Many agencies have tried to change the environment. In 1969 Shelter launched SNAP, the Shelter Neighbourhood Action Project and many others followed the lead. Housing Associations worked on transforming sound but rundown, formerly elegant Georgian and Victorian property and the city of Liverpool's efforts in new building were prodigious.

All around Upper Parliament Street, the centre of the weekend's rioting, are lines of low rise modern council housing. Attempts have been made to brighten up some parts of the area and to deal with the many eyesores that still remain. Overall, therefore, much has been done to ameliorate what until comparatively recently was much more widespread squalor.

But physical improvements do not mean jobs now or the prospect of social mobility. Youth employment in Toxteth is about 40 per cent, with black youngsters worse off still. Three out of four of them are out of work, according to most estimates by knowledgeable people in the area.

The reasons for this are not hard to find. There is not much work within reasonable travelling distance, especially for the unskilled, which most local people are. Merseyside as a whole has long had an unemployment rate twice the national average (it now stands at about 16 per cent).

The region's decline has coincided with factors beyond its control: apart from the recession, new shipping technology for example, has fundamentally altered the nature of what was Britain's major port for general cargo. The result has not merely been the loss of 15,000 dockers' jobs, but those of many thousands of people working in dependent industries and companies, many of them small.

Indeed, the disappearance of small companies on Merseyside is encapsulated in a single statistic: according to the County Council's Economic Development Office, 52 per cent of people now work in companies or organisations with more than 1,000 on the payroll, compared with a figure of 38 per cent for the nation as a whole.

One consequence of this is that when Britain's economy turns upwards, Merseyside usually picks up last and late. In times of downturn, Merseyside feels the draught first, a fact reflected dramatically in simple things like fluctuations in the volume of job advertising in the classified columns of the local evening paper, the *Liverpool Echo*.

The *Echo*'s sales figures tell a tale too: in 1947 when Prince Philip was married to the heir to the British throne, the paper sold more than 650,000 copies. When Lady Diana Spencer marries the present heir to the throne later this month, it is unlikely that sales will be one third of that—a testament not only to the impact of television but to a massive movement of population from Liverpool's inner city in just one generation.

Last week's latest census figures show that the depopulation of Liverpool as a whole is continuing, with nearly 100,000 more people (16.4 per cent) gone in the past decade. Since Merseyside's population also declined (by 7.1 per cent), it is not unreasonable to picture a progressive outward physical movement of upwardly socially mobile people, probably in a series of waves, first to the suburbs and then out of the conurbation altogether.

What is left in the conurbation's heart is Toxteth and similar areas, populated by a single class of unskilled and, in many cases, unemployable people.

A policeman stands at dawn in Toxteth yesterday, faced with wrecked vehicles and a burning building

Since the weekend rioting, everyone has stressed that race was not an issue. After the first riot had ended on Sunday one of the most touching sights in Upper Parliament Street was a multi-racial family group in Sunday best and on their way to a christening, walking among the debris of civil disorder with eyes grim and averted as they passed some smoke blackened Georgian buildings.

The picture was one of integration—but integration *within* the Toxteth community, not of Toxteth with the community at large. Talking to people, they were obviously part of a community turned in upon itself and seething. And among blacks there was a universal complaint that the police were not always even-handed in their approach.

This was borne out by Mr Dick Crawshaw, the SDP MP for Toxteth. He says that where the traditional sensible discretion of the police is exercised in cases of, say, horseplay among white youths, this discretion is less evident when some policemen were dealing with blacks. In sensitive situations, things escalate easily.

Mr Oxford however stresses his own considerable personal efforts to maintain good community relations. About ten months ago he organised liaison with community leaders to monitor all incidents in order to check for racial bias. He found no evidence of it. He suggests however that the policy of "leave the blacks alone" that has been urged upon him from some quarters is designed to cause under-policing of the area in order to aid crime by black people.

Politically Merseyside presents an interesting spectrum between bright red and deep blue. Two of its five constituent boroughs, Wirral and Sefton are predominantly middle class and Conservative. Two others, St Helen's and Knowsley (the latter containing the Z-Car town of Kirkby, another pocket of massive unemployment) are solid Labour. In Liverpool itself the Liberals lead a minority civic government.

The Liberals emergence in Liverpool is, indeed, interesting, for to many observers and voters they became the only credible alternative to the Conservatives as some sections of Liverpool's Labour Party appeared to move ever-leftwards. Much of the Labour Party in the city is in control of or heavily influenced by the Militant Tendency and the Tendency's newspaper Militant is produced in the city.

Sooner or later some incident was bound to arise to scrape a raw communal nerve and bring the unemployed, quite suddenly, to the barricades. The overriding sense among the young in Toxteth is of a hopelessness from which there is no escape. Social and economic policies do not seem to have provided routes by which the people can make a run for it.

Letters to the Editor

Index-linked stock

From Mr G. Barrow

Sir,—To a layman it appears that the authorities find themselves in something of a dilemma in relation to the issue of index linked stock. The stock may prove very expensive to service but so long as the category of eligible holders is restricted to pension funds and the like this need not matter unduly as the high cost of servicing will be disbursed to domestic beneficiaries and hence will have the character of an internal transfer payment. But if other, including overseas, investors were to be permitted to hold a large volume of index linked stock guaranteed by the British Government the consequences for the long term management of the economy would be incalculable and unacceptable. Yet, unless and until a wider category of holders is permitted to hold index linked stock, the price at which it is traded will not reflect the full potential demand.

It will be interesting to see the outcome of tomorrow's tender for the 2 per cent index-linked Treasury stock, 2006.

G. E. Barrow.
Corners, 2 Broadway,
Gustardwood, Hertfordshire.

Lloyd's rebels

From Mr N. Dangoor

Sir,—Mr John Rew's move to start a second association is not in the best interests of the external members of Lloyd's. What we need is an independent body, not one dependent on other people and perhaps subservient to their views.

An extraordinary general meeting of the Association of External Members of Lloyd's was called in March by Mr Rew and his faction specifically to oppose Lady Middleton and her team, but the rebels were soundly defeated. Moreover, the annual general meeting of the association will be held at Lloyd's on July 21 to consider and adopt a draft constitution, to approve the accounts, to decide the annual subscription, to elect the committee and discuss all aspects of the association's policy. If this democratic procedure does not satisfy Mr Rew and his group then it is possible that they are only out to make trouble.

N. E. Dangoor.
25 Albert Hall Mansions,
Kensington Gore, SW7.

Electoral reform

From the Chairman,
Electoral Reform Society

Sir,—When the findings of the Hansard report on state assistance to political parties is discussed, I see heads nodding solemnly. As Edmund Dell's committee says, democracy cannot work fairly if the sources of party finance lead to over-representation of some interests and the under-representation of others. Of course not.

Still less is it possible for democracy to work fairly if the MP's themselves are over-representative of some interests and under-representative of others. Just so.

And yet our electoral system actually causes such over-representation and under-representation. A good way of describing a system which, by contrast, accurately represents different viewpoints is to call such representation proportional.

This simple, sensible and central fact should not be obscured by arguments over detail. Many things can be done to improve the effectiveness of the way we are governed by our representatives. The first step must be to remove the built-in misrepresentation caused by our present defective voting system.

Gervase Tinley.
6 Chancel Street,
Blackfriars, SE1.

Aid for the Parties

From the Greater London Council Member for Hendon North

Sir,—State aid to political Parties once again raised by the Hansard Society is still a controversial subject in this country. As it is controversial it is unlikely to come for some time. There is, however, a simple way in which the financial burdens of political Parties could be eased. That would be by allowing political Parties to become registered charities. An individual's subscription accompanied by a deed of covenant would enable the party concerned to recover the tax paid. This would perhaps be more socially acceptable as a form of indirect state subvention than the direct cash handout.

Another respect in which the state could make life easier for political Parties at election times would be by extending the facility of the free postal delivery to council elections. At the moment only Parliamentary candidates have the facility of one free postal delivery to each elector. It might even help to encourage a larger turnout at council elections. How many voters don't bother to turn out simply because they have not received any literature from the Parties informing them of the names of the candidates?

Bryan Cassidy.
Members' Lobby.
County Hall, SE1.

Workers' co-ops

From Mr R. Macfarlane

Sir,—John Elliott (June 26) is right to comment that worker co-operatives are coming back into fashion. The problem for co-operative development is that the fashion finds its main expression in the rhetoric of politicians (of all Parties) and in the columns of newspapers.

It is true that there is currently a considerable expansion of new producer co-operatives in Britain and every support is being given to these initiatives by local co-operative development agencies and some local authorities. However, the key to the long-term development of co-operatives in Britain is entry into those sectors of the domestic and world economy which are set to expand. In this, co-operatives, as a form of industrial organisation, are no different from the private capital and state ownership forms that dominate Britain's industry. But, whereas the latter forms of organisation have access to the manpower and resources necessary to develop new industrial products the co-operative producer units do not, and neither the national CDA nor local CDAs have the staff or the cash to follow through a long-term development to a point where it can apply for capital funding.

Mr Elliott notes the reservations expressed by the Royal Arsenal Co-operative Society about the relevance of the Mondragon co-operatives to the British situation. I would largely share those reservations but draw attention to the important role played by the co-operative bank in Mondragon which has developed the expertise to guide and fund the development of new co-operatives. This is a vital factor in explaining the growth rate of the co-operatives at Mondragon.

The development of a co-operative sector in Britain is not an easy answer to industrial relations problems and poor productivity. For a worker co-operative to be successful a great commitment from all the members and first class commercial management are essential. But the rewards of success can also be great for this form of organisation can not only yield a rewarding work experience but ensure that all future commercial decisions are locally controlled.

The last point should be carefully considered by local authorities and trades union branches in areas currently experiencing an epidemic of plant closures and run-downs. In areas like Brent plants are closing as national and international firms contract and concentrate production in more modern plants elsewhere. These closures are the result of management investment decisions taken over long periods of time by staff without any commitment to local interests.

In my view there are no reasons why a substantial co-operative manufacturing sector should not be developed in Britain provided that major resources are made available for the long-term development of new products for enterprising co-operatives. A policy of providing this form of funding should be supported by local authorities and trade union branches not only because of the improvement in the working experience of local people but also because the rewards of co-operative success will be locally controlled and have important benefits for the local economy.

Richard Macfarlane,
Brent Co-operative Development Agency.
192 High Road,
Willesden NW10.

Help to small exporters

From Mr P. Newman

Sir,—Mrs Mollie Strang in her letter (June 26) criticising the British Overseas Trade Board, alias the Department of Trade, for its reduced help to small exporters has identified a very grey area in the procedures which the Department of Trade would wish its Foreign Office managed commercial staff in overseas posts to follow when dealing with inquiries received by them direct from British exporters. I write with some experience having retired from a South East Asia post last year as a commercial officer.

The Department of Trade has always preferred that British exporters requiring overseas market assistance should first approach them through regional or London offices rather than address their inquiry direct to the commercial section of the British overseas post concerned. More so during recent years because of the need to recover those charges now levied for some of the services provided, ranging from a simple list of local potential agents to a full agency inquiry or market research exercise. Even so, and for whatever reasons British exporters continue to approach posts direct and the Department of Trade has tended to adopt a relaxed attitude to this providing the post itself was satisfied as to the credentials and soundness of the inquiry and could be answered easily enough by the commercial officer concerned more or less from the top of his head and without circumventing the Department of Trade's system of charges.

In my experience over the past few years this type of exchange with British exporters has increased quite considerably through the use of Telex, and, due to the staccato style of Telex, enables such exchanges to be made speedily and economically of time, both on the side of the exporter who would no doubt like to know the answer quickly while it is on his mind rather than in one month's time when he has perhaps forgotten about it; and on the side of the commercial officer who can fire off a return Telex for immediate despatch without having to devote the extra time necessary for a dictated and more formal letter.

And so it was until early last year when the Foreign Office imposed a severely restrictive quota system for all telegram/Telex traffic sent by its overseas posts to whatever destination. The reason given for this was the overloading of the Foreign Office Whitehall telegram distribution system; but Telex exchanges between private British business firms and overseas commercial sections never go near Whitehall and the Foreign Office being fed on receipt by the Government telecommunications centre outside London directly into the UK Telex line system. Indeed, a footnote to all such Telex messages sent to British firms in this way makes this quite plain. Nor, certainly at my post, could this be a matter of economy since our lines through to the UK were permanently rented and we used them or under-used them, it made no difference as the flat rental remained the same. There was no quantitative charge.

So it may well be that the "live response" which Mrs Strang now misses is not so much a matter of the effect of the strict application of the Government's policy of cash limits but rather to reserve for the diplomatic political effort, which the Foreign Office always sees as its first responsibility such resources as it holds under its management control and command. And it is apparent from your leader (June 29) that it is not only the British export effort which may be feeling the effects of this, perhaps understandable departmental preoccupation with priorities of its own choosing. Perhaps if the votes were more carefully allocated by Parliament, purpose for purpose there might be less of this robbing Peter to pay Paul.

Peter F. Newman.
2, Maplehatch Close,
Godalming, Surrey.

Today's Events

GENERAL

UK: Mrs Shirley Williams speaks at Social Democratic Party rally, Risca, Gwent.

Prince Charles opens new saw mill at Fort William.

London Chamber of Commerce conference on Sino-British trade.

Antiques Exhibition opens, Corn Exchange, Brighton (to July 12).

Overseas: European Parliament debates the siting of the institution, Strasbourg.

Sr Antonio Delfim Netto, Brazilian Planning Minister, starts three-day visit to Moscow to boost bilateral trade.

Federal Reserve Board open market committee meets, New York.

International Oil and Gas Exposition opens, Mexico City (to July 11).

PARLIAMENTARY BUSINESS

House of Commons: UK Defence Programme, debate on White Paper. British Telecommunications Bill, Lords Amendments.

House of Lords: British Nationality Bill, committee. Road Traffic (Car-Sharing Arrangements) (NI) Order. Supplementary Benefits (Requirements and Resources) Amendment Regulations.

Select Committees: Employment, on legal immunities of trade unions. Witnesses: TUC, Room 8, 4 pm. Environment, on Department of the Environment's housing policies. Witnesses: Mr Michael Heseltine, Environment Secretary; Mr John Stanley, Minister of State for Environment. Room 16, 4 pm.

OFFICIAL STATISTICS

UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits for mid-June. London clearing banks' monthly statement for mid-June.

COMPANY MEETINGS

Belgrave (Blackheath), Belgrave Road, Halesowen, West Midlands, 10.30. Chesterfield Properties, 1, Avery Row, W, 11.0. Fidelity Radio, Cunard International Hotel, W, 10.30. Inter-City Inv. Trust, 100, Old Broad Street, EC, 10.30. Jermyn Investment, 6-11, Agar Street, WC, 12.0. London and Overseas Freighters, Baltic Exchange, EC, 11.00. Jove Invest. Trust, 44, Bloomsbury Square, WC, 12.30. Morgan Crucible, Cafe Royal, Regent Street, W, 1.30. William Sindall, Gonville Hotel, Cambridge, 12.45. Young and Co's Brewery, West Centre Hotel, Lilley Road, SW, 12.00.

Mercury Secs. improves at attributable level

PROFIT ATTRIBUTABLE to Mercury Securities improved from £11.61m to £12.31m for the year to March 31 1981 after providing for tax, diminution in value of assets and a transfer to inner reserves by S. G. Warburg and Co, its merchant banking subsidiary.

It was also after deducting minorities of £3.81m, compared with £3.64m, and included attributable profit of associated companies which amounted to £5.71m, against £4.3m, but excluded an extraordinary credit this time of £2.17m.

Stated earnings per share were 28.77p (27.24p) before extraordinary credits and 33.83p (27.24p) after, and the dividend for the year is being stepped up by 0.5p to 7p net per 25p share.

A breakdown of group after-tax profit, which rose from £15.25m to £16.12m, shows: merchant banking (after transfer to inner reserves) £12.9m (£10.01m), metal trading and refining £1.21m (£2.89m), insurance and shipping £901,000 (£1.3m), employee benefit consultancy £596,000 (£568,000) and others £506,000 (£474,000).

Extraordinary credits comprise provision no longer required for tax deferred by stock relief £12.77m; provision against development expenditure of a U.S. metal refining subsidiary £5.3m; provision for subsequent estimated trading losses of the Brandeis Goldschmidt and Co. group prior to its disposal, less surplus of sale proceeds over net assets, after tax £5m deduct outside interests £617,000 add profit on sale of property, less tax £314,000.

The directors point out that since year end the sale by S. G. Warburg of metal trading subsidiary—Brandeis Goldsmidt and Co.—and all its subsidiaries except the U.S. metal refining subsidiary, had been completed with effect from May 31 1981. Profit before extraordinary items includes that for the Brandeis group, consolidated on the same basis as in previous years.

The directors say it is also considered appropriate to reflect the effect of the sale in these accounts as an extraordinary item. The amount to be realised by S. G. Warburg from the sale has not yet been finalised. It will be related to the consolidated net assets of the Brandeis group as at May 31 1981 and together with final dividends is expected, subject to audit and before any applicable taxes, to be of the order of £30m.

There was a net increase in disclosed reserves of £10.62m arising from the increase of £11.47m shown in the profit and loss account and a decrease of £849,000, principally because of exchange adjustments.

Capital and reserves, excluding the inner reserves of the banking company's and excluding the excess of market and directors' valuations over the balance sheet amounts of listed and unlisted investments, exceed £97m (£86m).

● comment

Up 29 per cent for the year, the growth of S. G. Warburg's disclosed banking profits has not matched the pace set by many of its peers; Hill Samuel and Hambros for example, have pushed merchant banking profits ahead by 54 per cent and 35 per cent respectively and after disappointing contribution from insurance broking and metal tradin, the S. G. Warburg Group has expanded after tax profits by only 6 per cent. The Brandeis, Goldschmidt disposal has dominated the share price since April and the level of estimated post balance sheet trading losses suggests that Warburg's parent company, Mercury Securities, has picked an opportune moment to divest. The remaining U.S. metal refinining subsidiary is the subject of sale negotiations and the group has provided £5.3m against disposal or closure. More importantly, the metal trading disposal for an estimated £30m—against Mercury's net worth of £97m—provides substantial funds for expansion although the shares have already taken much of this into account at 288p, down 4p, where the market capitalisation is £123.4m. For the short term, U.S. interest rates will reduce volume in the Eurobond and Bulldog markets and the links at both group and operating level with Paribas must come under careful scrutiny. The yield of 3.6 per cent is about a point under par for the sector.

HIGHLIGHTS

Lex looks at the Bank of England's move to encourage a rise in short-term interest rates in a bid to influence foreign exchange markets yesterday. The main day's corporate news story came from the U.S. with the mammoth bid by **Dupont** for **Conoco**. In the UK **Mercantile House** continues to expand rapidly and has announced a second rights issue within a year. Lex also looks at the Australian share raid on the **Chloride Group** yesterday. Also reported in the morning was the fact that **Bell Group** of Australia, Mr. Robert Holmes a Court's company, had made a move on the non-voting shares of ACC, building up a near 21 per cent stake.

Lesney's still on course

MR GORDON HAY, chairman of Lesney Products which last year lost £17.6m, told shareholders at the annual meeting yesterday that improved trading this year was leading to a "progressive reduction" in losses.

Mr Hay said it was too early to predict results for the full year, but the company was still on course towards its objective of a return to profitability this year.

The chairman, who was brought in last summer to stem the losses at the Matchbox toy manufacturer, said sales of assets were continuing and the company expects to dispose of some £2m to £3m in assets—much of which was empty properties—within the next 12 months. At the same time, Mr Hay said the company had stepped up its marketing activities overseas, particularly in West Germany.

Electronic Rentals confident

WITH ALL the new developments associated with the television set, Mr Maurice Fry, chairman of Electronic Rentals Group, tells shareholders that he is confident there is a bright future for the company's rental operations both at home and overseas.

As at March 31 last, contracts for capital expenditure not provided for in the accounts, including equipment for delivery within the current year, amounted to some £2.76m (£894,000) and expenditure authorised by the directors, but not contracted for, was well up from £23.84m to £43.2m. As reported on June 5 pre-tax surplus was £14.74m (£12.22m). Since the year end negotiations have been concluded for the acquisition of a 40 per cent stake in New Zealand's second largest television rental company.

"It is felt that there are considerable prospects for the rental of video products in New Zealand in the medium term." Mr Fry adds that the group is also currently exploring the possibility of entering the video rental market in the U.S.

Electronic Rentals has recently accepted an offer for RTV Rentals' 30 per cent stake in company in Dublin. Phoenix Relay, a television cable

Group fixed assets were £155.79m (£165.96m), there were net current liabilities of £1.23m (£4.2m assets) and shareholders' funds amounted to £56.03m (£57.55m). There was a £21.1m decrease (£754,000 increase) in bills and borrowings.

GUTHRIE CORP. IN LIBERIAN DEAL

Guthrie Corporation has signed an agreement f.r the purchase of the Liberian plantation interests of B. F. Goodrich amounting to 58,000 development acres of which 18,000 have been planted to rubber. The agreement is subject to the Liberian Government consenting to the transfer of Goodrich's concession agreement to Guthrie.

Guthrie is one of the world's largest producers of rubber and palm oil, and controls nearly 200,000 acres of plantations in Malaysia. Last year the group won a major international contract to manage the 18,000-acre Decoris oil palm project which is sponsored by the Liberian Government and financed by the Commonwealth Development Corporation, the World Bank, the African Development Bank and from local sources.

May & Hassell dives £1m into the red at year end

LACK OF demand, "devastating" interest charges and a strong pound, which devalued stock held day by day, resulted in May and Hassell, the Bristol-based timber importer, plunging into the red for the 12 months to end-March 1981. The pre-tax deficit emerged at £1.01m—the first loss in over 40 years—compared with a profit of £2.01m.

By mid-year taxable profits had slumped by £751,000 to £101,000 but the directors held out hope that the group could show marginally improved results in the second half when compared with the first six months.

Turnover for the year fell back from £61.37m to £49.84m. The chairman, Mr J. H. B. Atley, says competition was vicious and gross margins suffered.

He says the first quarter of the current year shows a decline in turnover but improved margins and indications are that the group "has at least returned to profit, although demand in 1981 is suspect and an upturn may not come until 1982."

The final dividend is being cut by 1.3p to 2p which reduces the net total for the year from 4.6p to 3.3p.

The pre-tax deficit was struck after interest charges of £2.53m (£2.76m), and was subject to an associate company loss of £42,000 (£169,000).

However, there was a tax this time of £1.01m (£126,000 credit) and after extraordinary credits of £346,000 (£178,000) and a minority loss of £97,000 (£60,000 profit) there was an attributable profit of £398,000, against £2.08m.

The retained balance came through at £159,000 (£1.75m) after dividend payments of £239,000 (£330,000).

Stated earnings per 25p share were well down at 0.65p (27p).

On a CCA basis the taxable loss for the year increases to £1.89m and on the same basis there was a loss per share of 11.3p.

During the year stock levels and borrowing were cut by £5m and stock write-offs amounted to some £200,000. Temporary short-time working was instigated in some depots and 167 redundancies were made at a net cost of £153,000.

The group's commitments in Africa were eliminated by the sale of subsidiaries in Zimbabwe, Malawi and South Africa. The profit on these disposals amounted to £346,000 and is shown as the extraordinary item.

● comment

The perceived fall in timber demand was always going to jeopardise May and Hassell's 40 year profits record and the shares dropped just 1p to 76p where the yield is 6.4 per cent. The question now is whether, in the absence of further overseas sales proceeds, the dividend will be maintained this year. Debt reduction would bring the resultant servicing costs down by about £1m on an annual basis but, having reached a floor last winter, seasonal influences will probably lift inventories substantially later this summer. The stock write-down is said to be sufficiently conservative to accommodate post balance sheet events so far and the currency bias should now be working the other way round. Against that, the group is not looking for much volume improvement before 1982 but, while retrenchment is the name of the game in much of the rest of the industry (leading perhaps to major rationalisation), M and H seems set on further expansion of its retail depots and is looking closely at acquisitions here and in timber frame housing. That should leave much to aim at but the short to medium-term must be dictated by income gearing levels. The shares are unlikely to progress very far in that time and the dominant boardroom shareholding probably means that the group will be watching timber takeover speculation from the side lines.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assd. Leisure	3.45	—	3.3	5.25	5.1
Eastern Produce	3.22	Aug. 11	3.22	4.62	4.62
J. Latham	4.65	—	5.75	8	9.1
May & Hassell	2	Aug. 17	3.3	3.3	4.6
Mercantile House	12.5	Aug. 14	8.5	17.5	12.5
Mercury Secs.	7	—	6.5	7	6.5
R. W. Toothill	3.5	—	Nil	3.5	Nil

Dividends shown pence per share net except where otherwise stated.

Toothill recovers in second half

A RETURN to profitability has been achieved by R. W. Toothill, furniture maker, in the second six months to March 31, 1981 and management accounts show continuing progress during the current year.

Following the first-half pre-tax loss of £21,262 (£4,637 profit) the company reports a turnround from a £116,874 deficit to a profit of £117,122 for the year, on higher sales, excluding VAT, of £3.69m (£2.98m).

The dividend is being restored with a net payment of 3.5p per 25p share. Stated earnings, before special tax items, were 11.22p (8.24p loss).

Tax charge was £38,557 (£59,161 credit), but there was also a deferred tax release of £36,393 as against an exceptional tax release of £50,715 last time. Attributable profits emerged at £114,958 (£6,998 loss).

Current cost profit is shown as £62,000.

Winding-up orders for 26 companies

COMPULSORY WINDING up orders against 26 companies have been made by Mr Justice Dillon in the High Court. They were: Inverstyle, A. C. Coaches, Silkgable, Lauricroft, Seagull Autos, Jeradean Wines, Benson Autorite, Intercontinental Fashions.

T. and V. Mouldings, Brickworld, Phoenix Window Company, Bridport Joinery, Derbygrove, Amberbrook.

The Felix Gluck Press, Orb Information Systems, Vortex Powerclean, Warren Sports Promotions, C. P. Rolls (Transport), Marjef Vehicle Movements.

Presland (Home Improvements), P. Leiner and Sons (Encapsulations), Leba Welding Services Company, Stephen Lewis, Taramina and A. H. Watts and Co.

Eastern Produce dives to £1.7m

A SLUMP in second half pre-tax profits to £824,000, against £1.6m last time, left the 1980 figure for **Eastern Produce (Holdings)** well down at £1.72m, compared with £3.07m. Turnover for the year of the group, which is engaged in the production of tea, rubber, copra and cocoa, slipped from £17.89m to £17.14m.

At half-time, the directors said that declining tea prices and adverse weather conditions on its overseas plantations had resulted in reduced profits and it was anticipated that these factors would also be detrimental to results for the second half.

Full year earnings per 50p share are shown down from 14.8p to 9.1p on a net basis and from 15.8p to 10.6p on a nil basis. The year's dividend, however, is unchanged at 4.62p net with a same-again final of 3.22p.

Group profits and investment revenue amounted to £928,000, compared with £1.49m, while the pre-tax result included reduced associates' contributions of £788,000 (£1.58m).

Tax took £718,000 (£1.5m) of which £702,000 (£1.06m) was overseas. After minorities of £38,000 (£13,000) and lower extraordinary credits of £179,000 (£412,000), the net available profits were down from £1.97m to £1.14m. Ordinary dividends again cost £485,000.

At December 31, net asset value per share was 126p (124p) including listed associates at market values.

● comment

Last year's 44 per cent pre-tax slump at **Eastern Produce** can be traced to a lack of rain in the all-important Kenyan tea plantations and also to a lack of earnings from Eastern's sizable interest in Associated Fisheries. The group's plantations profits fell more than 50 per cent to between £600,000 and £700,000 for the 12-month period; dry weather last year also hit rubber and copra in Papua New Guinea. The insurance broking business produced maintained profits at just above £300,000 and the trading/agency business improved to around £300,000 mainly because of loss elimination in Nigeria and Central America. This year EP is facing similar headaches in its tea business—bad weather, oversupply and less than buoyant prices continue to be a problem. But the total dividend has been held, the balance sheet is healthy and the market nudged shares 1p higher yesterday to 74p. The yield comes to a little above 9 per cent and the fully taxed p/e stands at nine.

Beecham authorised spending cut

AT THE end of March, 1981, capital expenditure authorised by the directors of **Beecham Group** amounted to £48.1m, compared with £130.7m a year earlier which included £41.9m in respect of the acquisition of the Bovril Group.

Capital expenditure incurred during the 1980-81 year, after deducting sales and excluding acquisitions, totalled £64.5m (£57.4m), of which £26m related to pharmaceuticals, animal health and nutritional products and £38.5m to consumer products.

A geographical breakdown was:—UK £44m (£36.1m); Rest of Europe £6m (£9.2m); The Americas £8m (£6.3m); Asia and Australasia £5.2m (£5m) and Africa £1.3m (£0.8m).

Pre-tax profits for the year increased from £136.8m to £150.6m, on sales of £1.19bn (£1.03bn)—as reported June 5. Consumer products' trading profits rose from £64.8m to £79.1m, on sales of £828.6m (£705.4m), while pharmaceuticals and other activities contributed £77.2m (£70.1m) on £366.1m (£323m) sales.

The consumer products results include for the first time the Bovril Group which was acquired in April 1980—this and other acquisitions raised sales by £56.7m and trading profits by £6.4m. Results also include a full year's contribution from Jovan, a fragrance business.

Sir Graham Wilkins, the chairman, says that both the Bovril and Jovan businesses have considerable international potential which is now being developed.

At the year end, loans had increased by a net amount of £24.4m to £169.1m, which was 30 per cent of shareholders' funds of £558m (£519.8m). Net liquid funds showed a £7.9m rise to £96.2m.

Meeting, Hotel Inter-Continental, W, July 31, noon.

Assoc. Leisure down by £0.7m

AFTER HIGHER depreciation and interest charges, pre-tax profits of Associated Leisure were down to £4.64m, for the year ended March 15 1981, against £5.3m. Turnover amounted to £44.25m, an increase of £8.94m on last year.

Before the interest charge, up from £213,000 to £899,000, trading profits were marginally ahead at £5.54m (£5.52m), and with the turnover figure were split as to: manufacture, distribution and rental of amusement machines £4.59m (£4.2m) surplus and £34.97m (£27.22m) turnover; operation of hotels, leisure centres, amusement parks and holiday centres £859,000 (£1.21m) and £9.14m (£7.98m); property investment £94,000 (£101,000) and £146,000 (£131,000).

At midway, the pre-tax surplus was just ahead at £3.24m (£3.22m).

The directors state that investment in amusement machines totalled over £12m during the 1980-81 year, and although most of this was financed from cash flow, bank borrowings rose by nearly £3m. This situation is expected to be reversed in the current year, at the end of which the group is budgeting to eliminate short-term borrowings.

The company's amusement machine hiring subsidiaries experienced relatively static rentals while operating expenses rose sharply.

A substantial investment was made in video games in order to maintain position in the hiring market, but it was difficult, directors explain, to earn a satisfactory return in a market situation "where operating profitability deteriorated to levels below most industry expectations."

Results of the hotels and entertainments sector were influenced by the recession, rising operating costs and the wet summer of last year. There were signs of an upturn, however, in trading and an improvement in prospects towards the end of the 1980-81 period.

The current year's results will benefit from this summer's trading at Dreamland Amusement Park, as completion of the £1.6m sale, announced in May, will not take place until the autumn. And results will not bear the burden of heavy off-season costs, the directors add.

Depreciation charge for the year increased from £6.5m to £9.3m.

The pre-tax figure was subject to much lower tax of £860,000, compared with £1.52m, and after minority interests, £30,000 (£40,000) and an extraordinary credit of £812,000 (£38,000 debit), the attributable balance was ahead from £3.71m to £4.56m.

Earnings per 5p share were 14.33p (14.31p) and the dividend is stepped up slightly to 5.25p (5.1p) net, with a final payment of 3.45p—total distribution will absorb £1.38m (£1.34m).

On a CCA basis pre-tax figure is reduced to £3.09m, and earnings to 8.4p.

● comment

Associated Leisure has followed Management Agency and Music in finding the going tougher in amusement machines over the winter. AL's profit before tax in the second half to March was down by a third after a flat result in the first half. Growth in the "take" on fruit machines disappeared last autumn so pubs resisted rent increases while AL's costs continued to rise. Then came the exceptional costs of converting the machines for improved payouts starting in mid-February. Meanwhile, the video boom has petered out and the hotels had a difficult year. The shares have held up fairly well at 118p, up 2p yesterday. The outlook is probably quite bright given the benefit of a full-year of enhanced payouts and higher rentals on machines. Also, the decline in the growth of videos will cut the very high depreciation charge and bring about a reduction in interest payments. The group could make £6m this year, which suggests a moderate prospective rating of less than 11. The yield on the slightly increased dividend is 6¼ per cent.

Barlow chief expresses confidence

In his 1980 annual statement, Mr. John K. Barlow, the chairman of plantation and investment group, **Barlow Holdings**, says he looks to the future with confidence. Pre-tax profits last year fell from £3.98m to £3.3m, on turnover down from £7.73m to £7.27m.

Mr. Barlow says a slow but steady recovery in the world economy should give a good boost to commodity prices, which would justify the board in expecting a return to the previous levels of profit derived from the group's Malaysian estates.

South East Asia remains an area of great economic potential having a climate and soil ideally suited to the growth of perennial food crops, a satisfactory supply of mineral oil and a large population which is steadily achieving a higher standard of living, he adds.

The group has continued its policy of investing funds in the UK with the result that the book value of investments has risen by £2.7m to £10.9m and the market value has increased from £10.2m to £15.8m. Additional funds have been invested during 1981 in Countryside Investments, in which the group has a 40 per cent holding.

At December 31, 1980, group fixed assets were lower at £27.72m (£30.43m) while net current assets decreased from £2.35m to £1.25m. Shareholders' funds totalled £39.28m (£38.79m).

RESULTS AND ACCOUNTS IN BRIEF

BPB INDUSTRIES (gypsum, plaster, plaster-board manufacturer)—Results for year to March 31 1981 reported on June 25. Shareholders' funds £176.9m (£151.48m); fixed assets £157.13m (£134.8m); net current assets £55.4m (£54.12m); investments £9.22m (£7.62m). Chairman says there is little to indicate any improvement in the short-term in main markets in UK. Meeting, 15-17 Marylebone Road, NW, July 31, at noon.

BRITISH AND COMMONWEALTH SHIPPING—Results for 1980 reported June 19 in preliminary statement with prospects. Group fixed assets £159.46m (£172.4m), current assets £144.17m (£133.24m), shareholders' funds £168.66m (£145.98m). Net liquid funds increased £4.74m (£18.31m decrease). Meeting, 14-20 St Mary Axe, EC, July 28 at noon.

N. BROWN INVESTMENTS (direct mail order)—Results for year to February 28, 1981 and prospects already known. Group shareholders' funds £5.66m (£4.65m). Fixed assets £1.02m (£0.96m). Net current assets £3.13m (£2.58m). Working capital increased £1.06m (£1.73m). Comparatives restated. Meeting, Manchester, July 31, 2.30 pm.

CENTURY OILS GROUP—Results for year to March 31 1981 reported June 5. Current cost pre-tax profits £1.79m (£2.03m) against historical £3.04m (£3.57m). Group shareholders' funds £15.6m (£12.07m). Fixed assets £12.93m (£8.93m). Net current assets £9.8m (£7.38m). Loans (secured) £6.68m (£3.93m). Net borrowings decreased £134,000 (£3.74m increase). Chairman says a periodic revaluation of assets during year increased values by nearly £2m, which will provide a stronger financial base on which to build future. Meeting, Stoke-on-Trent, July 23, noon.

COALITE GROUP—Results for year ended March 31, 1981, already reported. Shareholders' funds £96.38m (£67.58m). Group fixed assets £31.73m (£28.22m). Net current assets £67.81m (£45.41m). CCA profit £13m (£21.86m historic). Meeting, Savoy, Strand, July 28, noon.

EVA INDUSTRIES (engineering products)—Results for year ended March 31, 1981 reported June 4. Group fixed assets £10.48m (£9.5m), net current assets £4.26m (£5.66m), shareholders' funds £13.51m (£14.49m). Meeting, Manchester, July 26, at 11.45 am.

FRANCIS PARKER (concrete product manufacturer)—Results for 1980 and prospects reported June 20. Fixed assets £8.69m (£11.97m); net current assets £364,000 (£637,000). Bank loans secured £1.5m (£6m). Shareholders' funds £7.42m (£6.48m). Decrease in stocks and work in progress £364,000 (£610,000 increase), decrease in creditors £1.21m (£233,000 increase), net increase in funds £4.58m (£587,000 decrease). ICFC holds 19.5 per cent of equity. Meeting, Arundel, West Sussex, July 27, noon.

HAMBROS (banking and insurance)—Results for year to March 31, 1981, reported June 24. Group shareholders' funds £114.75m (£82.93m). Current assets £1.03bn (£755.46m); customers' and other accounts £938.06m (£854.37m); investments and fixed assets £81.06m (£59.52m). Liabilities £1.49bn (£1.26bn). Acceptances £405.61m (£280.64m). Meeting, July 28, noon.

HERON CORPORATION—Results for year ended March 31, 1981, reported June 18. Fixed assets £164.64m (£116.43m). Shareholders' funds £133.27m (£79.92m). Current assets £98.14m (£86.55m), current liabilities £88.92m (£85.52m). Meeting, Carlton Tower Hotel, SW, July 24 at 12.30 pm.

JATEL (investment holding)—Results for 1980, reported June 26. Shareholders' funds £2.09m (£2.14m). Fixed assets £52,841 (£53,993). Net current assets £200,238 (£395,852). Bank balances decreased by £239,689 (£333,609 increase). Chairman anticipates that 1981 results will not differ markedly from last year. Meeting, 1, Hobart Place, SW, July 27, noon.

JERSEY GENERAL INVESTMENT TRUST—Results for year to April 30, 1981, reported May 28. Total net assets £24.75m (£18.88m). Share capital and reserves £8.21m (£8.18m). Investment at or below cost £8.76m (£8.37m). Net current liabilities £550,530 (£193,985). Decrease in liquidity £225,395 (£740,107). For current year, chairman says further growth in income is anticipated, but not at same rate as in the past year. Meeting, Jersey, July 28, 11.30 am.

LONDON CREMATION COMPANY—Pre-tax profits for year to March 31 1981 £87,246 (£77,040). Tax £37,812 (£34,311). Final dividend 3.25p making 4.5p (4p). Company is controlled by The Cremation Society of Great Britain.

PROPERTY PARTNERSHIPS—Results for year to March 31 1981 already known. Shareholders' funds £12.83m (£6.43m). Fixed assets £14.08m (£7.76m). Net current assets £96,000 (£21,000 liabilities). Working capital decreased £56,000 (£82,000 increase). Meeting, Norwich, July 31, 11.30 am.

TRANSPARENT PAPER—Results for year to March 28 1981 reported June 2. Current cost pre-tax deficit £515,000 against historical profit £146,121. Group shareholders' funds £12.08m (£8.68m). Fixed assets £9.03m (£5.8m). Net current assets £2.71m (£2.65m). Meeting, Cafe Royal, W, July 28, 12.30 pm.

SPAIN

July 3	Price %	+ or −
Banco Bilbao	325	+5
Banco Central	356	
Banco Exterior	336	
Banco Hispano	301	+4
Banco Ind. Cat.	122	−1
Banco Santander	369	−4
Banco Urquijo	223	
Banco Vizcaya	350	
Banco Zaragoza	238	−1
Dragados	208	+9
Espanola Zinc	55	
Fecsa	70.5	+1
Gal. Preciados	53.5	−1.5
Hidrola	76.5	+2
Iberduero	60.2	−0.5
Petroleos	136.5	+6.5
Petroliber	102	
Sogefisa	59	
Telefonica	65.2	−0.2
Union Elect.	72.5	+2.3

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Lincroft Kilgour, Lonsdale Universal, Donald Macpherson, Winterbottom Energy Trust.

Finals: Birmingham Mint, Fairdale Textiles, Highgate Optical and Industrial, Imperial Continental Gas, Intersun Leisure, Marston and Evershed, R. Kelvin Watson.

FUTURE DATES

Interim—

Tribune Investment Trust	July 9

Finals—

Associated British Engineering	July 13
Braham Millar	July 10
Fitch Lovell	July 30
Hollis Bros. and E.S.A.	July 16
Howden Group	July 16
Initial Services	July 20
Moss (Robert)	July 9
Rothmans International	July 16
Russell (Alexander)	July 14
Siebe Gorman	July 20
Warner Holidays	July 10
Western Board Mills	July 13

BIDS AND DEALS

NCC gets £8.5m for Hampton stake

NCC Energy has sold out of Hampton Gold Mining Areas in which it bought a 29.9 per cent stake in March last year.

Yesterday Mr Graham Ferguson Lacey, NCC's chairman, announced that the stake had been placed by Rowe and Pitman with a number of institutions, at a price representing £8.45m for the holding.

Adjusting for Hampton's recent rights issue the holding cost NCC £7.33m.

NCC held the block of shares in Hampton for 15 months. In the 18 months prior to its purchase the shares had changed hands twice—from Colonial Mutual Life Assurance to Alan Bond, an Australian financier who sold them on to NCC.

NCC is in the process of a merger with Simplicity Pattern of the U.S., and although the plans are for an expansion of energy interests, Mr Ferguson Lacey has let it be known that minority investments are likely to be sold.

Pennine pays £0.5m for Birmingham shop centre

Pennine Commercial Holdings, the property and motor distribution group which recorded a £51,450 loss last year, is to buy the Castle Vale shopping centre in Birmingham for £524,000. The company will pay £350,000 in cash to the vendor, Roegate, a London-based property investment group. The rest will be made up by the issue of 1.45m ordinary shares valued at 12p, 1.5p over the current price.

Pennine says that recent measures to strengthen its balance sheet enabled it to secure medium-term loans for the entire cash portion of the Birmingham deal. Current income for the Birmingham property is about £128,000 a year.

The company has also entered the time-sharing holiday business with the acquisition of 18 purpose-built apartments in Spain for £10,000 each.

The estimated gross income from the Benidorm scheme is £720,000 over an 18-month period, the company says.

BOWATER DEAL

Bowater Corporation has signed an agreement with a subsidiary of Southern Natural Resources of Alabama, for the U.S. group to explore for oil on 175,000 acres owned by Bowater in Tennessee, Georgia and Alabama.

Under the deal Bowater would obtain rents and royalties from any find by Southern, and also has an option to buy into any commercial find as a partner in development.

Bowater is also studying the potential development of a further 65,000 acres in Tennessee on which it owns mineral rights.

Fulcrum extends offer

Fulcrum Investment Trust's £2m share offer for Construction Holdings, another investment trust, has been accepted by independent shareholders, representing only 6.54 per cent of the capital.

Before the bid, Fulcrum itself held 5.16 per cent of Construction and a group of investors acting in concert with Fulcrum had agreed to accept in respect of their own 9.08 per cent acquired a few weeks previously.

Together with the acceptances now received Fulcrum controls 20.78 per cent and is extending its offer until July 17.

Fulcrum's original bid was a share offer worth 203p. It was later raised to an effective 209p.

Construction's board rejected the bid because of the lack of a cash alternative and because it said the bid was inadequate in terms of the trust's net asset value.

POWELL DUFFRYN

In further development of its South Wales interests, Powell Duffryn Quarries, a wholly-owned subsidiary of Powell Duffryn has acquired the remaining 70 per cent shareholding in Wm. Adams and Co. (Newport), which owns and operates limestone quarries in the Newport area.

Book value of the net assets of Adams at June 30 1981 is estimated at £3m.

This completes the plans made between Powell Duffryn and the vendors at the time of Powell Duffryn's initial purchase of 30 per cent of Adams in 1978.

BRITISH BENZOL SHARE DISPOSAL

The investment trusts and other clients managed by Throgmorton Investment Management have disposed of their aggregate holding of 2,560,807 shares in British Benzol Carbonising, representing 27.1 per cent of the shares. The shares were purchased by clients of the English Association Trust and Fiske and Co.

As a result, Brint Investments, which already held 470,000 shares, now holds 2,327,000 (24.6 per cent). Other clients of English Association deemed to be acting in concert with Brint now hold 495,000 shares (5.2 per cent).

A-Argentine shares sold

A 13.5 per cent holding in Anglo Argentine Tramways, a cash shell, changed hands last week when Establishment Plambuit sold its entire holding of shares in the company into the market at an undisclosed price.

The sales is believed to have taken place just prior to the suspension of the shares which followed the closure of the 28p a share offer for Anglo Argentine by Energy Finance and General Trust.

When the offer closed last Monday afternoon, Energy Finance and its associate London Trust together held just under 60 per cent of Anglo Argentine. Energy Finance intends to apply for a relisting of AA once plans for its development are finalised.

SHARE STAKES

River Plate and General Investment Trust—Sun Life Assurance has increased holding of deferred shares to 1,728,480 (11.06 per cent).

Stewart Plastics — Charles Dugan-Chapman, director, has disposed of 200,000 shares at 155p and 5,000 shares at 142p, leaving holding 4,441,292 (39.0691 per cent).

Lead Industries — Perelle Nominees has acquired 65,000 preference ordinary shares making holding 234,257 (25.76 per cent).

S. and W. Berisford—Mr E. S. Margulies, director, has made a charitable donation of 25,000 ordinary shares.

Anglo Metropolitan Holdings—Britannia Arrow Holdings has acquired further shares making total holding 767,498 (13 per cent).

Textured Jersey—The beneficial interest of Mr H. E. Knobil, director, has been reduced by 210,000 shares.

Williamson Tea — The Ford salaried contributory pension fund has increased its holding to 210,000 shares (9.18 per cent).

Cosalt—Mr J. M. T. Ross (chairman) has increased his holding by 35,000 shares. Beneficial holding is now 767,821 shares.

Bardsey £5m property sales

PROPERTY SALES of £5.02m have been made by Bardsey, formerly the Tebbit Group.

The directors of this industrial holding company say that negotiations are at an advanced stage for the purchase of replacement stock. These will be financed through the group's property division thereby releasing most of the sale proceeds for the development of the industrial activities.

The disposals include sales, which have either been completed or for which contracts have been exchanged, of certain properties formerly included in the London and European portfolio, for £3.86m — L. and E. was acquired by Bardsey in May last for £5.3m.

In addition, Signgate Properties and George Baker, the group's property subsidiaries, recently disposed of properties for £366,150, and two investment properties, previously held by Hensher (Furniture Trades) — now a wholly-owned Bardsey subsidiary — plus a further agreed sale, will realise £795,000.

MARPLAN

Research International and the Interpublic Group of Companies Inc. have entered into an agreement in principle for Research International to acquire Marplan, the market research component of Interpublic, in the UK and Germany. The acquisition is subject to the agreement of the Cartel ministry in Germany.

GREENBROOK/ WRIGHTSON

Greenbrook Securities offer for F. Wrightson and Sons (Associated Companies) 5½ per cent redeemable preference shares has become unconditional. Acceptances have been received in respect of 95.59 per cent and the balance will be acquired compulsorily.

WM. COLLINS

On July 3, Sheppards and Chase bought 2,500 ordinary shares at 227p and 25,000 "A" ordinary shares at 163p in William Collins for an associate of Collins.

INITIAL SERVICES

Initial Services has acquired Five Star Cleaning Contractors, a private contract cleaning company operating in Chester and surrounding areas.

Consideration was £515,000 and has been satisfied in cash by the issue of 125,000 Initial ordinary shares.

WOLVERHAMPTON STEAM STAKE

The holding of the late Mr T. Hampson Silk in Wolverhampton Steam Laundry has been disposed of during the year as follows: 64,848 shares to T. A. Watson (director) and 265,967 shares to W. S. Hersham (Concourt).

T. A. Watson now holds 130,696 shares (10.07 per cent), and J. F. Nash, director, holds 161,616 (12.46 per cent).

REDCAR BOILERS

Redcar Boiler and Tanks, a member of the Paget Industrial Holdings group, has acquired the Atlas Kwikglo business from Pegler-Hattersley subsidiary, Atlas Kwikglo.

Atlas Kwikglo manufactures solid fuel domestic heating appliances which compliment Redcar products.

Whitecroft

Although there is undoubtedly a further difficult year ahead, profits of Whitecroft to date are higher than for the same period last year, says Mr John Tavaré, the chairman, in his annual statement.

Group borrowings at the year end fell from £16.1m to £14.8m, with a further reduction since then. The board expects this trend to continue in the coming months providing the group with resources for investment in profitable growth areas.

The group's interests cover textiles, engineering and building and engineering supplies.

● AUSTRALIAN RAID ON TROUBLED ACC

Financier mystifies the City

BY IAN RODGER

Mr Robert Holmes a Court, the fast-moving Australian financier, has surprised the City again with the announcement over the weekend that he has accumulated 21.7 per cent of the non-voting "A" shares of Lord Grade's troubled Associated Communications.

Analysts were mystified by the move, partly because they can see no significant near term recovery of ACC profits and partly because the share structure, and commercial broadcastings regulations, effectively prevent anyone from wresting control away from Lord Grade and two fellow executive directors.

However, some long-suffering ACC shareholders have been happy to take advantage of Mr Holmes a Court's enthusiasm to sell. M and G Investment Management, believed to have been the largest holder of the non-voting shares, has sold its entire holding.

Last December following publication of halved interim profits ACC shares plunged from 79p to 44p and have remained in the doldrums ever since. Two weeks ago, the group reported £26.4m in losses on films in 1980-81 and pre-tax profits of only £2.6m, compared with £11.6m.

Mr Holmes a Court, who has parlayed a profit in the Australian nickel boom 10 years ago into an empire that includes newspapers, radio and television stations, surfaced in London a year ago with a surprise bid by his financial and commercial company, Bell Group, for 25 per cent of Rolls-Royce Motors.

Coming in the midest of the agreed merger between Rolls and Vickers, the bid was immediately rejected, but Bell still has a small holding in Vickers.

Last month, Bell revealed that it had acquired just over 5 per cent of Rugby Portland Cement. Mr Holmes a Court was said to be a long-term investor interested particularly in the futre of a Rugby subsidiary, Cockburn Portland Cement in Western Australia.

Mr Holmes a Court said last weekend that if he acquired a strong holding of the non-voting shares of ACC, he might make a bid for the voting shares.

Te explained that his Western Australian television operation, TVW Enterprises, had reached the permitted level of TV station ownership in Australia and now needed to look overseas for opportunities to extend its interest in the industry, presumably to ACC's ATV Network.

However, the Independent Broadcasting Authority in Britain requires voting control of broadcasting companies to be held by the individuals it designates. In ACC, for example, there is only £150,000 in ordinary voting share capital compared with £13.5m in non-voting share capital. Lord Grade and two fellow directors control the company with only £79,000 worth of capital.

Now that the IBA is requiring ACC to sell off 49 per cent of the shares in ATV, there have been suggestions that Lord Grade and his associates should be obliged to restrict their voting control to the television station and leave a single class of shares for the rest of ACC.

Understandably, Lord Grade is dead set against such a proposal but if it were to be implemented, Mr Holmes a Court would be left with shares in ACC, not in the television network.

That leaves everyone, including ACC, surprised at Mr Holmes a Court's purchases.

"We saw him six months ago when he had bought a million shares (nearly 2 per cent)," Mr Jack Gill, deputy chairman of ACC, said yesterday. "It was a polite meeting, we just talked about television. He made no coment about buying a larger stake."

UK COMPANY NEWS

MINING NEWS

Uranium market weakness hits West Rand Cons.

BY KENNETH MARSTON, MINING EDITOR

ONE OF the things that oil majors shopping around for good investments in other mineral resources will be learning is that because of the swings in demand and production, the mining business tends to be a creature of fashion.

Each dog has its day: nickel, for instance was all the rage at the beginning of the 1970s; uranium, which had previously peaked, was still eagerly sought after as the fuel of the future; coal and gold then attracted the limelight and are now beginning to fade from prominence; next comes... what? Maybe copper, who knows?

Each new mineral favourite with its favourite potential financial rewards concentrates the minds of the exploration teams wonderfully with the results that new discoveries often outstrip the early anticipated demand for the mineral in question—coal is beginning to fit into this category—and they mock the dismal predictions of the Jonahs who anticipate the end of the world's "finite" resources.

It is still a very big world, especially in its mining and agricultural potential. But Jonahs tend to be more at home with chairborne calculations based on questionable facts than out in the field with a drilling rig and the prospects of the wealth that it may detect.

For the time being, at least, oil is slipping from its prime position as a conventional energy mineral as a result of price escalation and a falling demand brought about by world economic recession. Coal has re-established itself on grounds of lower cost and wider source of supply.

Coal also competes with nuclear power—though possibly not in the very long run—on the basis of a greater degree of environmental acceptance. So gone are the days when spot sales of uranium oxide were being made at prices of getting on for $50 per pound. Today, spot prices are well under $30.

The big Australian deposits of uranium—which should have reached production two or three years ago had it not been for Governmental prevarication — are still managing to find contracts. But the market is getting very sticky.

Mr. R. S. Lawrence, in his recent presidential address to the Chamber of Mines of South Africa, commented on a "mounting over-supply situation with a consequent adverse effect on uranium prices," adding, "there are no indications of early improvements in demand or price levels."

And Mr. Harry Oppenheimer said in the annual report of South Africa's East Rand Gold and Uranium: "A substantial proportion of the world's uranium production already costs more to produce than can be realised on the current spot market. Already a number of producers have been forced to curtail their operations and, in some cases, to close."

So it comes as no real surprise that the South African Gencor group's veteran West Rand Consolidated, which started life in the early 1900s as a gold mine and then climbed on to the uranium band-waggon between 1952 and 1974 only to come back again as a primary uranium producer in 1976, has now decided to cease uranium production and to continue as a low-grade gold mine.

West Rand Consolidated says that uranium production has become uneconomical and it is believed that the old mine's ore reserves are sufficient for the continuation of gold production only.

"The change," it is stated, "will improve the financial prospects of the mine and hopefully keep the mine viable until such time as economic uranium production can be resumed once again."

After recent weakness in the price of West Rand Consolidated shares, the market gave a sigh of relief yesterday and raised them by 8p to 100p.

Northern Mining's high hopes

THE SHARES of Australia's Northern Mining jumped 14p to a new high for the year of 190p in London yesterday, following the company's latest quarterly report to the Melbourne Stock Exchange on progress at the Ashton diamond joint venture in Western Australia.

The report suggests that a "potential diamond resource of 800m carats can be reasonably inferred down to 200 metres" for the AK1 kimberlite pipe at the venture's Lake Argyle site.

Preliminary tests based on structural drilling indicate the presence of about 160m tonnes of ore to this depth, Northern Mining said. The cmopany has a stake of 5 per cent in the joint venture.

Bulk sampling at the surface of the pipe indicated average grades of three carats per tonne in the poorer northern section, and as high as 7.7 carats per tonne to the south. For comparison purposes, De Beers' Finsch mine in South Africa operates on a grade of 73.42 carats per 100 tonnes.

Northern Mining is basing its estimate of 800m carats on the average surface grade of about 5 carats per tonne persisting in depth. This assumption is currently being tested by large-diameter core drilling. The deposit has so far only been drilled to a depth of 100 metres.

Rio Tinto-Zinc's Australian arm CRA, which is the majority partner in the joint venture with 56.8 per cent, has pointed out in the past that AK1 is made up of a number of different types of kimberlite, with wide variations in individual sample results.

The joint venture, which includes Ashton Mining with 38.2 per cent, hopes to begin commercial production from AK1 of up to 22.5m carats of diamonds a year in 1985, while output on a smaller scale from the high-grade Upper Smoke Creek deposit is due to start soon.

The bulk of Ashton's stones are of industrial quality, so that although this figure represents about 40 per cent of last year's total world output of diamonds in volume terms, it will be only about 6 per cent in value.

The problem is that unless world demand picks up markedly from its current low level, Ashton will find it difficult to market such a high production.

Northern Mining's quarterly report also included details of some encouraging gold grades on the Hesperus Dawn lease in Western Australia. The company, which has a 33⅓ interest in a joint venture, has encountered average grades of 12.9 grammes of gold per tonne over a 1 metre interval. Pioneer Mines owns the remainder of the venture.

Rising costs worry Rhodall

RAPIDLY RISING costs are threatening the viability of the ferrochrome industry in Zimbabwe, according to Mr. Gerry Carey-Smith, chairman of the Anglo American group's Rhodall.

He said in his latest annual statement that production costs have been rising at an unprecedented rate, and he is concerned that further increases may be imposed by the Government, notably in higher wages and electricity tariffs, reports our Salisbury correspondent.

Exchange rates are another major problem for Rhodall, as the company sells its products in 10 different currencies, which makes forecasting earnings extremely difficult. Nevertheless, Rhodall expects to be able to maintain the 9 cents (6.6p) dividend paid last year.

Mr. Carey-Smith warned that Zimbabwe has now become one of the highest-cost chrome producers in the world because its ore seams, although of good quality, are narrow and require a great deal more labour per tonne mined.

The company's high-carbon furnace is to be shut down for 34 days for maintenance purposes, and Rhodall is giving consideration to leaving it out of action for a longer period pending an improvement in demand which would reduce stocks.

Mr Carey-Smith said that there was some improvement in demand from the U.S. early this year, but there has been no material increase in prices, and demand remains weak in Europe and Japan.

ISSUE NEWS

Mercantile House making another call: £7m profit

BY ROSEMARY BURR

WITH THE announcement of its results for the year ended April 30 1981, which show a big rise in profits and dividend, Mercantile House Holdings unveils proposals for a two-for-five rights issue to bring in £9.6m. The price is 345p per share.

This is the second rights issue arranged by this leading money broker and financial services group in a year. Proceeds of the latest one will be used to finance the acquisitions of two money brokers and a commodity broker, which together will cost around £8.7m cash.

Fuelled by an expansion in its money broking activities, pre-tax profits have surged from £3.5m to £7.15m, and the total dividend is being increased by 40 per cent to 17.5p the final being 12.5p.

Details of the acquisitions were announced in May and June. The largest single purchase, which chairman Mr John Barkshire, describes as "the most important acquisition since the company's purchase of Lasser Brothers, a leading New York broker, in 1977" is Cosmorex, the leading Swiss money broker for the equivalent of £7.2m cash.

In addition the funds will be used to finance the acquisition of Dahlike and Co., a U.S. municipal bond broker based in New York, for $330,000 and R. J. Rouse, the commodity broker, for a consideration of £1.43m and the issue of 255,000 of the company's shares.

Commenting on the issue Mr Barkshire said: "The board considers that acquisitions should be financed wherever possible from retained profits, and, as required, by new issues of equity capital, supplemented by short term borrowings. In the last two years Mercantile House has made a number of significant acquisitions, including those now proposed, which have cost the group approximately £19.3m and have greatly expanded and strengthened the group's activities.

"These acquisitions have been made without any net addition to borrowing, being financed with approximately £4.3m from internal resources and the balance from the issue of equity share capital." In July 1980 Mercantile House raised £2.5m by a rights issue.

The surge in profits was achieved despite a sluggish performance from commodity broking. Mr. Barkshire states: "Although the results last year from commodity broking were depressed by generally reduced activity levels, and the initial costs of building for the future, we believe that commodity broking fits well with our existing range of services and in particular will allow us to offer a specialist capability in the fast growing area of financial futures..."

As well as the rights issue Mercantile House is proposing a one-for-one scrip issue. The combination of the rights and scrip issue equate to an issue of one new share for every five held at 690p per share, an 18 per cent discount on the opening share price yesterday.

Mercantile House states it intends to maintain the dividend on the capital increased by the rights issue subject to pro rata adjustment to take account of the scrip.

At the group's annual meeting on July 31 and an extraordinary meeting following this, shareholders' approval for the acquisitions of Cosmorex and Rouse will be sought. The rights issue is conditional on approval being obtained for the purchase of Cosmorex and the scrip issue is subject to the increase in capital being sanctioned.

Shareholders will be sent details of the proposed rights issue and scrip issue today. Subject to shareholders' consent the allotment letters will be despatched on July 31. The rights issue has been underwritten by S. G. Warburg and brokers are Cazenove and Co.

Although Mr. Barkshire said no further acquisitions were anticipated at present, he added "that expansion is being achieved by a combination of internal growth and, where appropriate, the purchase of companies to fill gaps in the range of services. We believe that there are considerable opportunities for further expansion in all fields in which we operate, and we look forward to the future with great confidence," he declared.

The shares gyrated following the news rising as high as 878p and falling to 828p. They closed at 838p, down 17p on the day.

Lex, Back Page

Aerospace Engineering at 153p

THE PROSPECTUS is published today of Aerospace Engineering, a Merseyside specialist in precision machining and assembling of components and the manufacture of jigs and tooling for the aerospace industry.

The company is coming to the Unlisted Securities Market by way of an offer for sale of 1.6m ordinary shares, 40 per cent of those issued, at 153p each.

For the first six years after its incorporation as K.W.K. Birkenhead, the company carried on a general engineering business, but in 1955 it began manufacturing and supplying components to the aerospace industry and this now constitutes the main part of its business.

Its principal customer is British Aerospace, for whom it is an approved subcontractor. Among the aircraft for which it supplies componets and tooling are the Airbus A300 and A310, Nimrod Mark II and Mark III and the BAe 125 executive jet.

The group has also become a contractor to Avco Corporation in the U.S., which is manufacturing the wings for the new BAe 146 short-haul aircraft.

Aerospace Engineering still carries on a general engineering business and it an approved subcontracto rto the Ministry of Defence and Atomic Energy Authority.

Profits before tax have grown from £41,000 in the year ended April 30, 1977 to £805,000 in 1980-81. Turnover grew from £440,000 to £2.87m over the same period. No dividends have been paid in thel ast five years. The group is forecasting a pre-tax of at least £0.9m in the current year and the directors intend to pay dividends totalling 7.5p per share, of which 2.5p would be an interim. The chairman is waiving his entitlement to 99.9 per cent of dividends on 1.2m shares.

The balance sheet at April 30, 1981 shows net tangible assets of £2.3m. Fixed assets amounted to £2.1m, stocks £692,000 debtors £630,000 and creditors £1m. Borrowings at June 16 stood at £15,000 and liabilities under lease purchase arrangements £48,000.

The shares in the offer for sale are being provided by Mr Regionald Mercado, 57, the chairman, who currently holds 99.95 per cent of the issued shares.

The offer for sale, which is being made by stockbrokers Greene and Co., wil close on July 14 at 10 am.

● comment

Aerospace Engineering is revealin gfew details about its business and prospects and, in particular, about the extent of its dependence on British Aerospace. The group seems to be staking much of its future on the success of the Airbus programme and on BAe's new short-haul aircraft. The contact with Avco in the U.S. indicates the wider marketability of the group's specialist skills and further penetration of the big U.S. market fay follow. It is ab itunusual that the net proceeds of a relatively large offer accrue solely to the chairman but the balance sheet seems strong enough. The prospective p/e on the forecast 12 per cent rise in profit is a reasonable 14 but it would be useful to know if this much more modest level of growth than in the previous two years is likely to set a new pattern.

Lontrim reshaping for USM

THE loss-making Lontrim Group, formed in 1979 as a result of the merger betwen Suffolk Trimmers and The London Trimming Company, is to be restructured prior to being launched on the Unlisted Securities Market.

The reconstruction and the issue will be handled by Tring Hall Securities. In December 1979 Tring Hall placed 52 per cent of the company's shares at 41p on the basis of a profit prediction for 1980 of "not less than £120,000" and a 3.36p net dividend. The shares traded under Rule 163(2) until suspended at the company's request last October at 22p.

In the event Lontrim, which manufactures upholstery, trimmings, hoods and accessories for the cruiser boat and motor vehicle market, made a loss after tax of £133,000 for 1980. In addition, £160,000 of goodwill was written off. Net assets stood at £47,000.

Shareholders were yesterday sent a 31-page circular detailing the reconstruction and asked to approve the batch of measures in the light of the board's pessimistic appraisal of the company's future. Although losses appear to have been stemmed, management accounts for the first three months of 1981 show a loss of about £13,000. The board states: "There are no material prospects of immediate significant profitability without the reconstruction proposed in this circular."

The reconstruction is complex. The existing operations of Lontrim wil be sold to two of its current directors. Then new shares will be issued in Lontrim and Tring Hall will raise a further £730,312 for the company by way of a rights issue and share placing.

The funds will be used to finance the acquisition of two companies, Willison Controls, stockist and distributors of flow control equipment, and Hepaire, manufacturers of clean air equipment. Subject to shareholders' approval, Lontrim will be renamed Willaire Systems.

The circular includes a profits forecast of the newly constructed group of between £560,000 and £670,000 for the year to March 31 1982. The breadth of this range is due to uncertainties relating to the timing of the upturn in Hepaire's business which is currently trading at break even.

Lontrim's authorised share capital will be increased from £500,000 to £1.7m. In addition, it is proposed that all existing issued shares be redesignated restricted dividend ordinary shares until one month after the annual general meeting at which the accounts for the year to March 31 1983 are presented with no dividend rights prior to April 1 1983.

Given the size of Lontrim's existing losses, the board says: "It is unlikely that any dividends will be declared by the company in respect of the current period and this concession, asked of existing shareholders, is no more than realistic in the circumstances."

The new board states expects annual dividend to be "at least 6 per cent."

If the reconstruction is accepted, approval for the listing of both the ordinary and restricted dividend ordinary shares on the USM will be sought and dealings should start on August 4.

The directors of Lontrim, excluding those materially interested in the reconstruction, recommend shareholders vote in favour of the reorganisation. Tring Hall intends to take up its rights allotment in full, which will result in the company holding 25 per cent of Lontrim, and the directors recommend shareholders follow this example.

Mr S. Williamson, the current chairman of Willison Controls, and proposed chairman of the reconstructed company, will hold 22 per cent of Lontrim.

Subject to shareholders' consent Tring Hall will underwrite the rights issue at 15p per share

James Latham £211,000 loss

A TURNROUND of £571,000 to a £337,000 loss in the second half, has left James Latham, timber merchant, in the red by £211,000 pre-tax for the year ended March 31 1981, against a surplus of £982,000. Turnover fell from £29.61m to £23.16m.

Mr Michael Latham, chairman, says that excess stocks and a high pound created particular problems in the softwood trading sector. Latent in the earlier part of the year, the cost fully emerged in the second half.

"This offset progress made in other sectors . . . where lower borrowings and reduced expenses had begun to produce an improved performance," he states.

He adds that directors have carried out a "slimming exercise" on the group and it is now able to re-balance operations at a lower turnover level.

The fall in sales seems to have levelled out, he says, and June has been "quite a good month."

Mr Latham states that the group will now begin to reap benefits from low borrowings and reduced overheads.

Also above the line was a £111,000 (£42,000) profit on land disposal.

After a tax credit of £1.31m (£232,000 charge); however, there was a net profit well ahead from £750,000 to £1.1m, giving earnings per £1 share of 40.4p (26.1p).

The dividend is cut from 9.1p to 8p net with a reduced final payment of 4.65p (5.75p).

On a CCA basis pre-tax loss is increased to £623,000—earnings are 24.1p.

LONDON TRADED OPTIONS

July 3 Total Contracts 1028 Calls 731 Puts 297

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	300	10	25	26	15	36	—	302p
BP (c)	330	3	15	16	5	24	1	"
BP (c)	360	½	—	8	—	16	10	"
BP (p)	300	7	—	12	21	17	—	"
BP (p)	330	20	101	24	—	30	—	"
BP (p)	360	60	—	60	—	60	10	"
CU (c)	140	40	—	44	2	46	—	175p
CU (c)	160	21	19	27	3	30	1	"
CU (c)	180	8	22	15	56	20	11	"
Cons. Gld (c)	460	5	6	22	—	35	—	451p
Cons. Gld (c)	500	1	—	13	1	22	—	"
Cons. Gld (c)	550	1	—	5	4	10	5	"
Court'lds (c)	60	7	8	11½	41	16	1	67p
Court'lds (c)	70	1½	11	7½	12	10	5	"
GEC (c)	600	153	—	163	2	—	—	748p
GEC (c)	650	105	—	118	1	140	—	"
GEC (c)	700	53	30	75	7	102	—	"
GEC (c)	750	14	16	40	8	72	—	"
Gr'd Met. (c)	140	73	—	78	1	—	—	211p
Gr'd Met. (c)	160	55	1	58	—	—	—	"
Gr'd Met. (c)	180	35	18	39	10	46	—	"
Gr'd Met. (c)	200	13	4	23	15	32	—	"
Gr'd Met. (c)	220	1½	12	12	22	20	2	"
ICI (c)	260	19	37	34	—	46	—	286p
ICI (c)	280	6	2	22	34	34	2	"
ICI (c)	300	1½	5	12	2	22	—	"
ICI (c)	330	½	—	5	5	12	—	"
Land Sec. (c)	330	81	3	—	—	—	—	408p
Land Sec. (c)	360	51	10	63	—	73	—	"
Land Sec. (c)	390	21	17	40	—	50	—	"
Mks & Sp (c)	110	16	8	23	—	—	—	125p
Mks & Sp (c)	140	½	10	4½	—	10	—	"
Shell (c)	360	5	—	19	1	34	1	354p
Shell (c)	390	1½	—	11	—	25	1	"
Shell (p)	330	4	—	14	1	15	—	"
Shell (p)	360	13	2	22	—	30	—	"
		August		November		February		
Barclays (c)	420	30	21	43	—	58	—	440p
Barclays (c)	460	7	—	21	1	35	—	"
Imperial (c)	60	12	—	13½	5	—	—	69p
Imperial (c)	80	1	—	2½	10	4	—	"
Lasmo (c)	650	5	4	30	—	—	—	652p
Lonrho (c)	90	6½	10	9½	—	13½	—	92p
Lonrho (c)	100	2	—	5	5	8	—	"
P & O (c)	110	17	5	—	—	—	—	123p
P & O (c)	130	3	—	9	1	12½	1	"
Racal (c)	360	64	8	77	—	90	—	418p
Racal (c)	390	34	13	58	—	68	4	"
Racal (c)	420	15	61	32	—	46	—	"
Racal (p)	460	43	1	45	—	45	—	"
Racal (p)	390	6	160	12	—	14	—	"
Racal (p)	420	17	1	23	—	25	—	"
Racal (c)	460	5	1	11	—	21	—	"
RTZ (c)	500	42	10	65	4	85	—	550p
RTZ (c)	550	20	4	45	—	55	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	7	20	—	—	4	56	$404.50
GOLD C	$425	—	—	2	28	2	40	"
GOLD C	$450	8	5	12	19	4	32.50	"
GOLD C	$475	26	1	47	11.50	59	23	"
GOLD C	$500	—	—	2	7	—	—	"
GOLD C	$525	125	0.50	5	5	—	—	"
GOLD C	$550	—	—	10	3	—	—	"
GOLD P	$400	7	16 A	2	20	1	19	"
GOLD P	$425	5	27	4	29	15	31	"
GOLD P	$450	5	44	3	46	—	—	"
GOLD P	$475	3	67	—	—	1	71 B	"
GOLD P	$500	5	92 B	1	93	2	94	"
		July		Oct.		Jan.		
ABN C	F.300	—	—	5	14	—	—	F.304
AKZO C	F.17.50	—	—	13	9	—	—	F26.10
AKZO C	F.20	8	6.20	10	7	—	—	"
AKZO C	F.22.50	148	3.70	9	4.70 B	—	—	"
AKZO C	F.25	38	1.50	113	2.70	6	3.70	"
AKZO C	F.27.50	—	—	246	1.40	18	2.30	"
AKZO P	F.25	5	0.10	9	0.90 A	38	1	"
AKZO P	F.27.50	—	—	10	1.60	30	2	"
KODA C	$70	4	2⅝	—	—	—	—	$72[illegible]
KODA C	$80	—	—	—	—	10	3½ B	"
HEIN C	F.50	—	—	14	3.70	—	—	F.50.10
HOOG C	F.20	50	0.20	36	1	20	1.60	F.17.70
IBM C	$60	4	⅛	—	—	—	—	$57[illegible]
KLM C	F.70	10	47A	—	—	—	—	F.117
KLM C	F.110	89	9	—	—	—	—	"
KLM C	F.120	247	3.40	10	14.50	—	—	"
KLM C	F.130	353	1.10	45	9.50	—	—	"
KLM C	F.140	120	0.40	12	6	—	—	"
KLM C	F.150	—	—	34	3	—	—	"
KLM P	F.100	10	0.40	18	2.50	—	—	"
KLM P	F.110	95	1.30 B	59	5.70	7	9.70	"
KLM P	F.120	111	6	17	11.50 B	—	—	"
KLM P	F.130	19	14	5	17.50	—	—	"
KLM P	F.140	17	25 B	—	—	—	—	"
NATN C	F.125	—	—	5	1.60	—	—	F.118.10
NATN P	F.115	—	—	6	2	—	—	"
NATN P	F.120	—	—	10	4.50	—	—	"
PHIL C	F.15	—	—	4	9.50	—	—	F.23.80
PHIL C	F.20	15	15	40	4.80 B	202	5.70	"
PHIL C	F.22.50	81	1.50	27	2.50	130	3.90	"
PHIL C	F.25	160	0.10	125	1.50	30	2.50	"
PHIL C	F.27.50	—	—	200	0.70	137	1.40	"
PHIL P	F.25	—	—	7	1.80	—	—	"
PHIL P	F.27.50	—	—	—	—	22	4	"
POLA C	$30	—	—	10	2⅝	—	—	$28[illegible]
RD C	F.80	—	—	7	8	—	—	F.83.90
RD C	F.90	20	0.30 A	74	2.90	6	5.20 B	"
RD C	F.100	—	—	53	1.30	—	—	"
RD P	F.80	25	0.50 A	125	3.20	—	—	"
RD P	F.90	10	6.50	—	—	35	10	"
		Aug.		Nov.		Feb.		
SLUM C	$90	10	5⅛	—	—	—	—	$92⅜

TOTAL VOLUME IN CONTRACTS 4065
A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	†12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½ %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½ %
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%. 1-month 9½%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9¼%.
‖ 21-day deposits over £1,000 10¼%.

Canada Permanent board backs Genstar cash bid

BY ROBERT GIBBENS IN MONTREAL

THE OUTCOME of the battle for control of Canada Permanent Mortgage Corporation, the third largest trust company in Canada, is expected today.

The directors of Canada Permanent have advised shareholders to accept the latest bid in cash from Genstar, a major real estate, construction and financial services group in western Canada.

The offer is worth around C$275m (U.S.$229.2m).

The Genstar offer amounts to C$31 for each Canada Permanent share. Ontario Securities Commission hearings have established that about 12 institutional stockholders own about 42 per cent of Canada Permanent shares.

The battle began on May 21 when First City Financial Corporation of Vancouver, a fast growing real estate and financial services group controlled by the Belzberg Brothers, made a share exchange offer for Canada Permanent stock. This would have left First City with about one-third ownership of Canada Permanent. The value of the bid has been estimated at between C$250m and C$300m.

Canada Permanent directors fought the Belzberg bid from the beginning, saying it had a by-law restricting the voting to a total of 10 per cent for any single shareholder.

A legal tussle followed. A week ago Genstar appeared with its initial cash bid. This was increased on Thursday to C$31 a share.

Also on Thursday, the Belzbergs announced that 71 per cent of the total Canada Permanent shares had been tendered under its offer, short of the 75 per cent target. First City waived the 75 per cent target and Genstar invited any shareholders who had tendered under the First City bid to think again and withdraw.

Genstar later asked the Ontario Securities Commission for an extension of the First City offer, on the grounds that shareholders should have more time to consider both bids. The request was refused. As it stands the Belzberg bid expired at midnight, and Genstar expected withdrawals until then.

Flow of $ convertibles continues

BY FRANCIS GHILES

THE STEADY flow of convertible issues which has been a feature of the dollar sector of the Eurobond market recently continues unabated. Texas General Resources, a U.S. oil and gas exploration company, announced a $15m 15-year convertible through Hill Samuel.

The borrower is offering an indicated half-yearly coupon of 10¾ per cent and a conversion premium of 15 to 20 per cent.

Meanwhile, the Japanese general trading company Toyo Menka is arranging through Nikko Securities a $30m convertible to 1996 which includes an indicated half-yearly coupon of 6½ per cent and a premium of around 5 per cent.

In the floating rate note sector Midland Bank has launched a $75m 13-year issue which is redeemable at the option of investors after eight years. This issue, which will be placed among a small number of banks, is particularly tailored to the Japanese market and the management group includes two Japanese houses, Dai Ichi Kangyo and Fuji Bank, together with Samuel Montagu, which is running the books, European Banking Company and Credit Suisse First Boston.

The coupon will be set at ¼ per cent over the mean of the bid and offered rate for six-month Eurodeposit rates, with a minimum of 5¼ per cent.

Prices of seasoned issues in the fixed interest sector were up ¼ yesterday ahead of the U.S. money supply figures, which were due to be published late last night. Dealers said that an increase of no more than $1bn would give a bost to straight dollar bond prices, but they warned that the market was also paying close attention to to-day's meeting of the Federal Reserve Board open market committee, which could decide to ease U.S. credit policy.

The Swiss franc sector continues to absorb a large number of private placements. Shelda Chemie is arranging a SwFr 50m six-year placement of 7⅜ per cent notes through Swiss Bank Corporation (SBC), which is also completing a SwFr 60m six-year 4⅜ per cent placement for Dainippon Screen Manufacturing. Daido Kogyo is arranging a SwFr 30m five-year placement which includes a coupon of 7½ per cent through Union Bank of Switzerland.

Nordic Investment Bank is arranging a SwFr 15m five-year placement of 7½ per cent notes through SBC while UBS is arranging a SwFr 50m 7½ per cent placement to 1987 for the European Investment Bank.

The next Euroyen bond issue is a 10-year Y15bn issue for Australia through Nomura. The borrower is paying a coupon of 8¼ per cent for these bonds which have an average life of 9-15 years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13.

Closing prices on July 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	99¼	99¾	0	−0⅛	15.38
Amoco 13¾ 88	75	94	94½	−0⅛	−0¼	14.62
CIBC 14½ 84	125	97⅞	98⅜	+0⅛	−0⅛	15.30
CIBC 15⅞ 86	75	99⅝	99⅞	−0⅛	−0⅛	15.40
CNA 15¾ 86	75	97⅞	98⅜	+0⅛	−0¼	15.57
CNE 12¾ 91	100	88⅛	88⅞	−0⅛	−0⅛	15.02
Citicorp O/S 12 87	200	89⅝	90⅛	+0⅛	−0½	14.52
Citicorp O/S 15½ 84	175	100⅛	100⅝	0	−0⅛	15.31
Dupont Canada 13½ 91	65	94⅛	94¾	+0⅛	−0⅛	14.56
EIB 12¾ 89	75	88⅛	88⅝	+0⅛	−0⅛	15.38
Eldorado 13⅞ 86	50	83¾	84¼	0	−0⅛	15.02
Elec. de France 13 88	125	91⅜	92¼	+0⅛	−0⅛	14.95
Export Dv. Cpn. 9½ 86	150	82¾	83⅜	+0⅛	0	15.05
Fed. Bs. D. 12¾ 85 (N)	50	91⅜	91⅞	−0⅛	−0⅛	14.94
Fed. Bs. D. 15⅜ 84 (J)	40	100⅝	101⅛	0	0	15.28
Fin. Exp. Credit 10½ 85	50	85⅛	85⅝	+0⅛	−0⅛	15.71
Finland, Rep. of 9½ 86	100	80⅛	80⅞	0	0	15.58
Ford Cr. O/S Fin. 16 84	150	100½	101	−0½	−0⅛	15.49
Ford Cr. O/S Fin. 16 86	150	98⅝	99⅛	—	—	16.40
Gaz de France 13½ 88	80	94⅝	95¼	+0⅛	−0⅛	15.03
GMAC O/S Fin. 12⅞ 88	100	90½	91	−0⅛	−0⅛	15.14
GMAC O/S Fin. 14¾ 87	100	97½	98	0	−0⅛	15.35
Gen. Mts. O/S 11¾ 87	100	87⅝	88⅛	+0⅛	−0⅛	14.81
Genstar 14¾ 91	50	98⅛	98⅝	0	0	15.04
GTE Fin. 13¾ 86 (WW)	50	97⅝	98⅛	+1⅛	+1⅛	14.35
Hiram Walker 16 86	50	102½	103	+0⅛	+0½	15.14
IBM Wld. Trade 12½ 88	200	96⅛	96⅝	+0⅛	+0½	13.41
IBM Wld. Trade 14¾ 84	100	100⅝	101⅛	+0⅛	+0⅛	14.29
Nat. Bk. Canada 15½ 84	40	98⅜	98⅞	+0⅛	0	15.73
Newfoundland 13½ 90	60	92⅛	92⅝	−0⅛	−1⅛	15.07
Nova Scotia 15 91	75	97⅞	98⅜	+0⅛	−0⅛	15.38
Ontario Hydro 13½ 91	100	93⅛	93⅝	+0⅛	−0⅛	14.76
Queb. Hy. 13 91 (WW)	100	89⅛	89⅝	−0⅛	−0⅛	15.13
Royal Bk. Canada 14 86	100	98	98½	0	−0⅛	14.48
SNCF 13 91	75	90⅝	91⅛	0	−0⅛	14.77
Sth. California 14 87	50	97⅜	97⅞	−0⅛	−0⅛	14.59
Sth. California 14¾ 88	50	98⅛	98⅝	—	—	15.14
Sven. Handlsbk. 13¾ 88	45	92⅝	93⅛	−0½	−0⅛	15.48
Swed. Ex. Credit 13 86	75	91	91½	0	−0⅛	15.77
Swed. Ex. Cred. 15¾ 86	50	100½	101	+0⅛	0	15.49
Toronto-Dom. Bk. 14 94	50	96½	97	0	−0⅛	15.45
Tribune O/S Fin. 14 86	50	95⅛	95⅝	−0⅛	−0⅛	15.35
Wells Fargo Int. 15½ 84	50	100½	101	+0⅛	−0⅛	15.14
World Bank 10⅝ 87	300	81½	82	+0⅛	0	15.11
World Bank 14⅝ 86	500	96⅛	96⅝	—	—	15.47
Average price changes		On day +0⅛ on week −0⅛				

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98	98¾	+0⅛	+0⅛	10.26
Austria, Rep. of 8¾ 92	150	87¾	88½	0	+0½	10.05
CECA 7⅞ 92	150	86	86¾	+0⅛	+0⅛	9.94
CECA 10 91	120	100⅝	101⅛	0	−0⅛	9.86
CII-Honeywell 8¾ 90	125	87⅞	88⅜	−0⅛	+0⅛	10.44
Council of Europe 10 91	100	99⅛	99⅝	0	+0⅛	10.07
EIB 8½ 90	200	89⅝	90⅛	−0⅛	+0½	10.25
EIB 10½ 91	200	100⅝	101⅛	0	+0½	10.36
ESCOM 9¾ 87	100	90⅝	91⅛	0	−0⅛	11.29
Finland, Rep. of 10 89	100	97⅛	98	−0⅛	−0⅛	10.45
Iberduero SA 9 90	100	89⅝	90⅛	−0⅛	+0½	10.82
Ind. Bk. Finland 8½ 90	50	89⅝	90⅛	0	+0⅛	10.24
Int.-Am. Dv. Bk. 10 91	100	99⅛	99⅞	−0⅛	−0⅛	10.07
Japan Air Lines 8½ 87	100	91½	92¼	−0⅛	+0⅛	9.88
Japan Dev. Bk. 7¾ 87	700	88⅝	89⅛	0	+0⅛	10.16
Kobe City of 8 90	100	87⅛	87⅞	−0⅛	+0½	10.19
Midland Int. Fin. 8½ 90	180	89⅛	89⅞	0	+0⅛	10.30
Nuclebras 9¾ 88	100	87⅞	88⅜	+0⅛	+1	12.40
OKB 8¾ 92	150	85⅞	86⅜	−0⅛	−0⅛	10.41
Oslo City of 8¾ 90	80	91⅞	92⅜	+0⅛	+0⅛	10.12
Venezuela, R. of 9¾ 90	150	93¾	94½	+0⅛	+0⅛	10.76
World Bank 8 90	700	86⅛	86⅞	+0½	−0⅛	10.35
World Bank 10 86	150	101⅞	102⅜	+0½	+0⅞	9.38
Average price changes...		On day 0 on week +0½				

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	96	96¼	0	−0⅛	7.06
BFCE 6½ 91	700	96⅞	96½	+0⅛	+1	7.02
Bayer Int. Fin. 5¾ 92	100	91¾	92	+1⅛	+1⅛	6.28
Bergen City of 6¾ 91	40	100	100¼	0	+0⅛	6.73
Bhrmr.-Tetterode 7 90	40	100	100½	−0⅛	0	6.98
CECA 6¾ 91	80	97⅛	97⅜	0	+0½	7.14
Denmark 5¾ 90	80	88⅛	88½	+0⅛	−1⅞	7.58
Dome Petroleum 5¾ 91	100	95⅜	96½	+0⅛	+0½	6.40
Elec. de France 5¾ 90	100	†91	91½	−0⅞	0	6.54
Eurofima 5¾ 92	80	†98½	99	0	−0⅛	5.90
F. G. H. Hypo. Bk. 6 90	50	95	95¼	+0⅛	+0⅞	6.74
Finland, Rep. of 5⅜ 90	80	88	88½	+0⅛	−1	7.44
Franc. Petroles 6½ 91	80	97½	97⅝	−0⅛	+0⅛	6.84
Genstar 7 91	100	103	103⅛	−0⅛	+0½	6.55
Int.-Amer. Dv. Bk. 7 91	100	99⅛	99⅜	+0⅛	+0⅛	7.10
Japan Dev. Bank 5¾ 90	100	†93	93½	0	−0⅛	6.75
Mt Blanc Tunnel 5½ 90	80	90	90½	0	+0⅛	6.97
Newag 5¾ 90	80	†92	92½	+0½	−0⅛	6.94
OKB 7 93	100	99⅜	100	+0⅛	+0½	7.01
Oslo, City of 5⅞ 90	80	91⅜	91⅝	−0⅛	+1⅛	7.15
Philips Lamps 5¾ 92	100	89⅞	90⅛	+0⅛	−0⅛	6.65
Swed. Ex. Cred. 7⅛ 91	75	96½	97	+0⅛	−1⅛	7.73
Trade Dev. Fin. 6½ 90	50	†91½	92	0	−0⅛	7.39
Voest-Alpine 5¾ 90	80	90	90½	−0⅛	−0⅛	7.23
World Bank 6 91	100	93⅛	93½	−0⅛	−0⅛	6.96
World Bank 7 90	100	100⅛	100½	−0⅛	−1⅛	6.93
Average price changes...		On day 0 on week 0				

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	97⅛	98⅛	−0⅛	−0½	8.57
Australia 6½ 88	20	85⅝	86⅛	−0⅛	−0⅛	9.38
EIB 7⅝ 89	12	91⅝	92⅜	−0⅛	−0⅛	9.13
Finland 5.6 83	10	91½	92½	0	+0⅛	9.52
Finland 6.8 88	10	88½	88⅞	0	0	9.69
Finland, Rep. of 8⅛ 87	15	97⅜	98⅛	0	0	8.79
Average price changes...		On day −0⅛ on week −0⅛				

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	†86	86½	−0⅛	−1⅛	14.65
CIBC 13½ 85 C$	50	†93⅛	94⅛	0	−0⅛	15.56
CIBC 11½ 85 C$	60	†86⅝	87⅛	−0⅛	−0⅛	16.23
Federal Dev. 11½ 90 C$	80	†80⅞	81⅜	+0½	+0½	15.49
Fst. Can. Inv. 10 84 C$	50	†85⅝	86⅛	−0⅛	−0⅛	16.62
R. Bk. Canada 10 86 C$	40	†88½	89½	+0⅛	+0½	13.19
Tordom Cpn. 13½ 85 C$	30	†94½	95½	+0⅛	0	15.27
M. Bk. Dnmk. 9 91 EUA	25	86½	87½	0	−0⅛	11.16
SOFTE 8¾ 89 EUA	40	87¼	88¼	0	+0½	10.63
U. Bk. Nwy. 9½ 90 EUA	18	94⅛	95⅛	0	0	10.43
Algemene Bk. 10¾ 86 Fl	60	94½	95	−0⅛	−0⅛	11.74
Amro Bank 12 86 Fl	75	99⅝	100⅛	0	0	12.00
Heineken NV 10 87 Fl	100	93⅛	93⅝	0	+0⅛	11.58
Nat. Nedrindn. 10 88 Fl	60	94½	95	+0⅛	+0⅛	11.14
Ned. Midd. Bk. 10 85 Fl	75	93⅛	93⅞	+0⅛	−0⅛	11.99
Pierson 10¾ 86 Fl	50	93⅛	93⅝	0	+0⅛	12.12
Rabobank 12 86 Fl	50	99⅛	100⅛	0	−0⅛	11.99
Air France 14½ 86 FFr	200	91⅞	92⅝	+0⅛	+0⅛	16.93
Bk. America 14½ 88 FFr	250	90	91	−0⅛	+0⅛	17.52
Charb'nages 13⅞ 85 FFr	400	89	90	+0⅛	+0⅛	17.36
EIB 14⅛ 88 FFr	300	87⅞	88½	−0⅛	+0⅛	17.30
La Redoute 14⅛ 85 FFr	125	86⅛	87⅛	0	+0⅛	16.92
OKB 14 86 FFr	400	91⅜	92⅜	+0⅛	+0⅞	16.45
Solvey et C. 14¾ 86 FFr	200	95⅛	96⅛	0	+0⅞	15.99
Swed. E. Cr. 14⅛ 86 FFr	250	88⅛	89⅛	−0⅛	+0½	18.34
U. Mex. Sta. 14 85 FFr	150	89⅛	90⅛	−0⅛	+0⅛	17.78
Acona 14 85 £	20	93½	94½	+0⅛	+0⅛	15.91
Beneficial 14¼ 90 £	20	85⅞	86⅛	−0⅛	−1½	17.24
BNP 13½ 91 £	15	88⅝	89⅝	−0½	−0⅞	15.70
CECA 13½ 88 £	20	90⅞	91⅝	−0⅛	−0⅛	15.54
Citicorp O/S 13½ 90 £	50	93⅛	94	−0⅛	−0⅛	14.81
Fin. Ex. Cred. 13¾ 86 £	15	92⅝	93⅝	−0⅛	−0⅛	15.90
Gen. Elec. Co. 12½ 89 £	50	87½	88⅛	−0⅛	−1	15.24
Hiram Walker 14¼ 86 £	25	94½	95⅛	−0½	−0⅛	15.80
Privatbanken 14½ 88 £	12	91⅜	92⅜	0	−0⅛	16.57
Rothschild 14⅛ 90 £	12	93⅛	94½	0	−0⅛	15.47
Royal Trustco 14 86 £	12	95⅛	96⅞	−0⅛	−0⅛	15.35
Swed. Ex. Cr. 13¾ 86 £	20	93½	94	0	−0⅛	15.70
Akzo 9¾ 87 LuxFr	500	89⅞	90⅞	0	−0⅛	11.45
Euratom 9¾ 88 LuxFr	500	84⅞	85⅞	0	−0⅛	13.20
Eurofima 10½ 87 LuxFr	500	89⅞	90⅞	0	−0½	12.79
EIB 9¾ 88 LuxFr	600	87⅝	88⅝	+0⅛	−0⅛	12.48
Volvo 9¾ 87 LuxFr	500	86½	87½	0	−0⅛	12.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅞	99⅜	18/12	16⅝	16.90
Bank of Tokyo 5¼ 89	‡0¼	98⅜	99⅛	25/7	16½	16.69
BBL Int. 5 86	0¼	99⅜	100⅛	20/11	18.31	18.31
BNP 5½ 88	‡0¼	99⅛	99⅝	29/7	16.44	16.54
CNT 5¼ 88	§0¼	99⅛	99⅝	16/10	16.81	16.90
Christiania Bk. 5½ 91	‡0¼	97⅞	98⅛	5/8	17.31	17.64
Citicorp O/S Fin. 84	‡0	99	99½	29/7	18.69	18.83
C. Itoh 5¼ 87	0¼	98⅛	98⅝	18/9	15.44	15.59
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	‡0¼	98⅛	99⅛	5/8	17.31	17.51
Genfinance 5¼ 87	0¼	98⅞	99⅛	30/10	16.94	17.09
Genfinance 5¼ 92	0¼	98⅞	99⅛	30/12	18.31	18.45
Giro und Bank 5¼ 91	‡0¼	98⅞	99⅛	23/9	19.06	19.23
GZB 5½ 89	‡0¼	98⅝	99⅛	1/8	17.31	17.51
GZB 5¼ 92	‡0¼	98⅞	99⅝	5/9	17⅛	17.51
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/10	17.06	17.17
Ind. Bank Japan 5¼ 88	0¼	98⅝	99⅛	9/10	16.44	16.60
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	6/1	13⅝	13.98
Lloyds Eurofin 5¼ 92	0¼	98⅝	99⅛	4/12	17.44	17.61
LTCB Japan 5¼ 86	0¼	99⅝	100⅛	13/12	17⅛	17.27
Man. Hanov. O/S 5¼ 84	‡0½	98⅝	98⅞	30/8	19.06	19.13
Merrill Lynch O/S 87	0¼	100	100½	7/8	20.44	20.39
Midland Int. Fin. 5¼ 92	0¼	98⅞	99⅛	5/12	17⅛	17.53
Midland Int. Fin. 9 91	0¼	98⅝	98⅞	30/10	16.81	17.09
Nacional Fin. 6¼ 88	0¼	98⅞	99⅛	25/7	17⅝	17.91
Nacional Fin. 5½ 88	0¼	96⅞	97⅛	25/9	14⅞	15.32
Nat. Bk. Canada 5¼ 88	0¼	97⅞	98⅛	24/9	14½	14.78
Nat. West 5¼ 94	§0¼	97⅞	98⅜	14/10	16.19	16.50
Nat. West. 5¼ 92	§0¼	98⅛	98⅝	23/10	16.81	17.09
Pemex 6 91	0¼	96⅞	97⅛	8/10	15.31	15.79
Sparebanken 6 87	0¼	98½	99	19/12	16.81	17.03
Standard Chart. 5¼ 90	0¼	98⅞	99⅛	3/9	17.06	17.21
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅝	15/7	17.81	17.90
Average price changes...		On day 0 on week 0				

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	100½	101½	−1⅛	−0.46
Bow Valley Inv. 8 95	4/81	23.12	101¾	103¼	+0⅛	7.80
Canon 6⅝ 95	1/81	829	180	181½	+7⅛	6.01
Credit Suisse 4¾ 93	10/79	1236	79⅝	81⅛	−1⅛	−2.91
Digicon Fin. 8½ 95	10/81	29.5	†97½	99	−0⅛	19.52
Fujitsu 5½ 96	7/81	732	†104½	105⅛	−1⅛	8.65
Furukawa Elec. 5¾ 96	7/81	300	†102	103	—	1.14
Hanson O/S Fin. 9½ 96	8/81	2.74	92½	94	−0½	1.15
Ina Overseas 8¾ 2000	4/81	42	†104½	106	−0⅛	−0.39
Inchcape 8 95	2/81	4.55	75½	76½	−2⅛	1.97
Kotobukiya Co 7 96	4/81	619	†93½	95	−1	−1.38
Marion Int. Fin. 9 95	12/80	15.5	†75½	77	−0⅛	16.67
Marui 6 96	7/81	931	†106⅛	107⅛	−1⅛	−0.35
Matsushita El 7½ 95	11/80	590	100⅛	101⅝	+2⅛	−0.15
NKK 6½ 96	7/81	188	†112	113	−1½	23.32
Ricoh 6⅝ 95	8/80	604	157	158	−1	−1.29
Sumitomo M. Ind. 7 95	2/81	181	†146½	147½	−1½	−0.84
Swiss Bk. Cpn. 6¾ 90	9/80	200	74⅝	76⅛	0	31.93
Taylor Woodrow 8¾ 90	1/81	4.94	92⅝	94½	−0⅛	5.01
Transco Int. 8¾ 95	2/81	98	†78½	80	0	36.43
Tricorp 8½ 95	12/80	31.25	†78½	80	+0⅛	12.57
Union Bk. Switz. 5 89	2/80	70.79	74	75	−0½	6.70
Sharp Cpn. 6½ 88 DM	9/80	585	197⅛	198⅛	0	−1.54
Uny Co. 6½ 85 DM	11/79	879.3	122⅞	123⅞	+6½	2.71

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

President of Prime Computer leaves

By David Lascelles in New York

THE PRESIDENT of Prime Computer, one of the fastest-growing computer companies in the U.S. and a star performer on the stock market, resigned suddenly yesterday.

Mr Kenneth Fisher said: "I am leaving Prime with great reluctance to pursue other interests, probably of a non-business nature." He did not elaborate. The company said the resignation had happened very suddenly but would not elaborate.

The board issued a statement saying it had accepted Mr Fisher's resignation "with deep regret" and praised his record, saying that under his direction Prime had become a premier growth company earning one of the highest returns on shareholders equity in the computer industry.

Mr John Buckner, the company's vice-president and chief financial officer, will become acting president.

After recording spectacular earnings growth in the late 1970s, Prime's profits have levelled out since the middle of last year. Prime indicated yesterday, though, that earnings in the second quarter of this year will be up by about 16 per cent over the same period of last year, though sales will be up about 45 per cent.

Prime's stock has been one of the fastest movers on the New York Stock Exchange. Selling for less than $1 six years ago it rose to a recent high of $43. The stock was not traded yesterday morning because of the resignation announcement. It closed before the weekend at $36¼.

UAE move to close foreign bank branches

By Patrick Cockburn

THE Central Bank of the United Arab Emirates has told nine foreign banks to close 89 branch offices in a move aimed at strengthening indigenous banks. Each foreign indigenous banks. Each foreign bank will in future be limited to eight branches.

This is the first sign of the Central Bank, established at the end of last year, flexing its muscles. The UAE has long had the reputation of being over-banked and the number of foreign banks has increased since a moratorium on setting up new banks was lifted at the beginning of the year.

Mr Abdel-Malik al-Hammar, the Central Bank Governor, was quoted by the official news agency as saying that he wanted local banks to open more branches to make up for the branches being closed. The excess branches of foreign banks must close by 1984.

Another indication of the desire of the UAE authorities to strengthen local banks is the move by the Abu Dhabi Investment Authority to place more deposits with them.

The Central Bank declined to name the banks affected by the new measures. According to local bankers, however, they are the British Bank of the Middle East, Bank Saderat Iran, United Bank (of Karachi), Bank of Credit and Commerce International, Grindlays Bank, Arab Bank, Standard Chartered Bank, Habib Bank (of Karachi) and Habib Bank (of Zurich).

Armco buys pumps and tools maker

By Our New York Correspondent

ARMCO, the large U.S. steel company which in recent years has diversified into other fields, has agreed to buy Ladish, a manufacturer of forgings, pumps and tools, for stock worth $221m.

Ladish, based in Wisconsin, is a private company which last year earned $11.5m on sales of $486.3m.

Its products provide a good fit for several of Armco's expanding activities in the energy and aerospace defence markets.

Armco said Ladish offered outstanding technology and immediate growth opportunities.

Expansion programme for Davie

By Our Financial Staff

DAVIE SHIPBUILDING, the Canadian concern recently acquired by Dome Petroleum, is to try to double its capacity by 1984, according to Mr Louis Rochette, the chairman.

He said expansion plans included new outfitting shops, steel works and renovations to the outfitting wharf. Financial details were not disclosed.

Mr Rochette said: "We haven't done all the detailed work yet. It depends on how far Dome wants to go."

Chrysler raises U.S. market share

BY IAN HARGREAVES IN NEW YORK

CHRYSLER CORPORATION, the U.S. motor company rescued from bankruptcy last year by Government aid, continued to increase its share of the U.S. car market in June.

But overall, the market remained weak with combined sales of the big three domestic manufacturers down 1.8 per cent on a daily selling basis compared with June, 1980.

Mr Philip Benton, Ford's vice-president for sales, said the figures were further evidence of the "slow but often erratic longer-term recovery that began last year."

Chrysler's sales for the month, at 58,454 units, were up by 22 per cent on June, 1980. Ford's car sales were down by 0.6 per cent at 127,173, and General Motors' down 5.1 per cent at 310,886.

Truck sales, which are more sensitive to high interest rates than car sales, slumped more sharply. Chrysler's truck sales were down from 20,559 to 17,641, GM's down almost 20 per cent to 79,142, and Ford's up slightly by 0.7 per cent to 76,758.

The pattern of market share in car sales should change somewhat in July as GM has its first full month of sales of its new subcompact J-car. June sales of the J-car were impeded by production delays, which led to complaints from dealers that they could not satisfy demand following a big advertising campaign by GM.

Chrysler's improving fortunes have led to speculation that the company might declare a profit for the second quarter. The company has said that this is a possibility. Its first quarter net loss was $298.4m after a record U.S. loss of $1.7bn for all of 1980.

According to industry estimates, Detroit, including American Motors and Volkswagen of America, will assemble 1.48m cars in the third quarter of this year, suggesting that the annual production total for this year will be only a little improved from last year. Sales in the first half of this year are also very slightly higher than in the first half of 1980, a factor made worse by the continued high market share of imports, which is running at around 29 per cent.

● The Federal Trade Commission has ruled that Borg-Warner Corporation's proposed acquisition of about 22 per cent of Echlin Manufacturing Company is permissible under a 1975 consent decree. But the FTC indicated that its approval of the transaction was limited only to those aspects covered by the order.

The 1975 consent order required Borg-Warner to gain FTC approval before acquiring an interest in "any rebuilder of automotive parts." Rebuilt motor accounted for less than 1 per cent of Echlin's 1980 sales of $300m.

Under the proposed acquisition Borg-Warner, a major motor components group, would receive 4.5m Echlin shares in return for transferring its used car parts business to Echlin, which manufactures motor electrical, brake and fuel systems, mostly as replacement parts.

Mexican bourse index dips

BY WILLIAM CHISLETT IN MEXICO CITY

The Mexican Stock Exchange's market index plunged 101.41 points last week to its lowest level in 30 months. The index takes in 42 stock prices.

Local stockbrokers say that the main new factor undermining the market is the growing uncertainty over how seriously the booming economy will be affected by the dramatic fall in earnings from Mexico's oil exports.

Mexico reduced the price of its oil in June and customers have made substantial cuts in their purchases. The revenue loss is estimated at several billion dollars. This is causing a loss of confidence in Mexico's fledgling stock market.

Since the beginning of the year, the index has fallen 376.84 points to 1,055.36 last Friday.

The market began to rally a little in January but since then, apart from a few sporadic upward movements, the index has fallen continuously.

Mexico's high interest rates, which continue to rise every month, have also for some time been putting pressure on equities, despite a healthy increase in corporate profits and the country's sustained high real economic growth of 8 per cent over the last three years.

Some shares now have a price earnings ratio of below 3.0.

Mexico's inflation is running at an annual rate of 30 per cent. To encourage savings, the Central Bank has been moving interest rates upwards most weeks.

The stock market's dramatic fall comes at a time when the Government is trying to strengthen the market by promoting new investment instruments and offering tax incentives to investors. The fall also comes only a few weeks after go-ahead was finally given to the Fondo de Mexico, a closed-end investment fund, intended to give foreigners greater access to Mexico's capital markets.

$6bn debts fear at YPF

By Our Financial Staff

THE PRESIDENT of Yacimientos Petroliferos Fiscales (YPF), Sr Guillermo Saurez Mason, said the State-owned oil company's debts could exceed $6bn, according to Noticias Argentinas, the local news agency.

YPF has been adversely affected by recent devaluations of the Argentine peso, said Sr Mason. But he added that the company would not become a private concern as recent rumours have suggested.

Sr Mason, who said he did not have an exact figure for YPF indebtedness, said the debt resulted from "an insufficiency in the internal composition of prices".

Over the last five years, the YPF workforce has been reduced by about 20,000, in redundancies and natural wastage, he added.

Columbia in TV stations deal

By Our Financial Staff

COLUMBIA Pictures Industries and Outlet Company have reached agreement in principle for the merger of Outlet into Columbia, the two companies said yesterday.

Outlet is primarily in the business of owning and operating television and radio stations.

Under the agreement each outstanding common share of Outlet would be entitled to receive in a tax-free exchange a unit consisting of two new series of Columbia Pictures preferred stock.

Pabst chief resigns in wake of declining profits

BY OUR FINANCIAL STAFF

A SECOND management upheaval at Pabst, the troubled Milwaukee-based brewer, was signalled at the weekend with the announcement that Mr Frank C. Deguire had resigned as president and chief executive, although remaining chairman of the group. Mr Deguire, 47, was not available for comment but a brief company statement said that Mr Thomas N. McGowen, also a member of the Pabst board, had been elected to fill the two vacated posts.

Mr Deguire had been chief executive since 1977.

Pabst' profits have been badly hit by the steadily tightening competition in the brewing industry and by its own particular dependence on sales in the Midwestern States.

The group saw profits tumble from a peak of $32.2m in 1976 to a mere $9.5m in 1979. There was some improvement last year but the first quarter of the current fiscal year has brought a loss of $1.8m.

Standex plans spin-off

By Our Financial Staff

STANDEX INTERNATIONAL Corporation, the diversified consumer goods group, is considering the spin-off of one or more divisions to its stockholders. The company said different approaches might be used for different divisions.

Possibilities under study include a direct tax free spin-off and/or a rights offering to shareholders.

Veba hit by poor demand for oil and DM weakness

BY ROGER BOYES IN DUSSELDORF

VEBA, West Germany's largest industrial concern, is suffering from the lack of demand currently afflicting many European and U.S. oil companies, but its problems have also been compounded by the weakness of the D-mark against the dollar.

Even so, the company is confident that a number of emergency measures and organisational changes will give it a competitive advantage over other German oil concerns during the coming year. External sales last year rose by 14.6 per cent to almost DM 42bn, ($17.5bn), while net profits fell from DM 554m to DM 479m.

Herr Rudolf von Bennigsen-Foerder, the Veba chairman, described this result as "on the whole, satisfactory," but pointed out that the figures reflected an extremely strong first half and a weakening in the second six months. This weakening has continued into this year and is the consequence of the industrial recession—which is sapping demand not only for oil but also for Veba chemicals and trading services—and energy saving measures.

As for earnings, the overwhelming problem—a specifically German one—is the weakness of the D-Mark which has led to extreme pressure on profit margins at its refineries.

Veba hopes to pass on the cost to the customer to some degree. However, with petrol price rises becoming increasingly difficult to carry through, Veba has coupled price rises with two other measures. First, it has not renewed its annual delivery contract with the Soviet Union, because of the price of this oil. Also, it has trimmed the crude oil throughput in its refineries to around 900,000 tonnes a month from June, leaving the refineries operating at 50 per cent capacity. This move has reduced the need to buy expensive dollar-denominated crude. German oil companies are losing around DM 60 to DM 80 per tonne on oil product sales.

NET EARNINGS BY DIVISION

	1980 DM m	1979 DM m
Electricity	243	236
Oil and Gas	45	201
Chemicals	107	152
Glass	3	†24
Trade, transport, services	95	90

† Loss.

Veba, in which the state has a 44 per cent share, is putting its medium-term hopes on a hydro-cracking plant in Scholven. This should allow the company to convert or upgrade relatively low-cost, low quality heavy oil into more lucrative products.

The current difficulties of Veba Oel—the oil and gas division which accounts for 28 per cent of group turnover — have, however, to be put in perspective. While the latest results are undeniably down on 1979, net profits in 1977 amounted to only DM 138m on turnover of more than DM 27bn and to DM 267m in 1978 on turnover of DM 31bn.

The earnings position of the group has thus stayed relatively stable in relation to sales increases. Moreover, Veba is structually much better equiped—in terms of adapting capacity to fluctuating demand — than it was during the difficult years between 1975 and 1977.

Among its other divisions, the relatively small glass operations seem to be showing the most encouraging results.

The chairman is also confident that the trading division will report a "satisfactory" result, though it is subject to the distortions common to energy traders—an almost 40 per cent increase in turnover because of the D-Mark-dollar rate and price rises, but a downward trend in earnings. High interest rates are likely to hit the construction side which is also part of the trading division.

Because of so many imponderables—the exchange rate, the possibility of falling oil prices, the timing of the economic recovery—Herr Bennigsen Foerder is reluctant to make a prediction for 1981.

Veba's central strategy seems to be to minimise losses in the oil division, strengthen margins in the electrical division with further price rises, try to stay in the black in the chemicals and optimise profits in trading, transport and petrochemicals.

Oce profits drop by 28% in first half

By Our Financial Staff

FIRST HALF profits lower by 28 per cent at Fl 13.6m ($5.1m) after tax are reported by Oce-van der Grinten, the Dutch copier group which earlier this year received Fl 200m in Government development grants.

Once again Oce has been hit by heavy financial costs, but it also points out that trading in the UK, where its operations centre on the Ozalid companies acquired in 1977, has been disappointing.

Sales for the six months to the end of May were 14 per cent higher at Fl 800m, but operating profits were little changed at Fl 52.8m, compared with Fl 52.2m. After tax, per share profits were Fl 7.5, against Fl 10.4.

The half-year result extends the deterioration which set in last year when profits after tax showed an overall decline of 12 per cent to Fl 37.6m. The result was struck after financial charges 45 per cent higher at Fl 40m.

Despite the setback shareholders received a maintained dividend of Fl 8 a share.

Earlier this year Oce said that it planned to spend more than Fl 500m over the next five years on research and development. The Dutch Government was to contribute Fl 200m to the total.

Oce is the leading Dutch maker of reprographic equipment. Drawing and commercial office markets account for the bulk of its sales.

MOVE TO IMPROVE COMPETITIVENESS

Siemens to build up foreign units

BY STEWART FLEMING IN FRANKFURT

SIEMENS, the world's fifth largest engineering group, is placing increased emphasis on building up its foreign operations, which already employ about one-third of its 338,000 workers. Dr Karlheinz Kaske, the chairman, made this clear at a press conference dealing with the company's current business situation.

He said that the company, for which foreign sales and exports accounted for around 54 per cent of the 1980 turnover of DM 32bn ($13.33bn), was planning to increase Siemens' overseas manufacturing and research and development activities. "We want in the next few years to continue step by step raising the value added in these overseas operations," he said. "The most important task for our foreign businesses is to improve our competitive ability."

Among the factors which are influencing Siemens' strategy, according to Dr Kaske, is that in Germany expensive, new capital intensive equipment cannot always be used efficiently. Such equipment, he said, needed to be put into a country where it could optimally be worked seven days a week and three shifts a day.

He said that the company was placing great emphasis on improving productivity — a policy which seems to be necessary because of the intensifying competition it is facing in international markets.

In the past five years, Siemens has been sharply cutting back its workforce, although this does not show up clearly in the annual report because acquisitions have masked the decline of around 40,000 in the number of employees in the established Siemens operations.

Since last September the number of employees in Germany had fallen from 235,000 to 228,000 and the decline was expected to continue, Dr Kaske said.

At the same time Siemens is planning to maintain capital expenditure at the high level of DM 2.2bn reached in 1980, despite the current weakening of earnings.

The flow of orders in the first eight months of the year—excluding nuclear power plant orders—has been virtually stagnant in Germany, reflecting the recession in the economy. But foreign orders have been rising by around 20 per cent.

Stripping out the effect of currency changes on overseas orders, in real terms, the foreign order intake is around 10 per cent higher.

Sales levels in the current financial year, which ends in September, are likely to be around DM 33bn, but profits are under pressure. Moreover, it seems some large foreign orders are being taken at prices which reflect the competition in international markets.

Siemens has already made it clear that it expects profits for 1980-81 to be down from the DM 633m earned in 1979-80.

In the first eight months of the current year capacity utilisation in Siemens plants is, on average, down from 82 per cent to 80 per cent. Wages costs have risen by around 11 per cent and raw material costs by around 4 per cent, but prices have gone ahead by only 1 per cent, which has resulted in a continued squeeze on profit margins.

Herr Karlheinz Kaske, chairman of Siemens

New rules depress Milan bourse

BY JAMES BUXTON IN ROME

SHARE PRICES were marked down sharply in thin trading on the Milan stock exchange yesterday, the first day of new trading rules designed to revive market activity.

The system of monthly trading accounts has been reintroduced, having been suspended in mid-June in favour of cash settlements within three days. Now, however, buyers must deposit 30 per cent of the cost of any purchase in advance and sellers must put down 70 per cent of the value of their transactions.

The Consob, the stock exchange regulatory body, suspended monthly settlements when the market started to fall precipitously last month. The action warded off a feared wave of heavy selling but cut daily trading to less than 10 per cent of the average of previous levels. Share prices continued to be marked down and at the end of last week had fallen by about 40 per cent from a peak in May.

Yesterday the bourse fell by a further 6.7 per cent according to provisional estimates. Traders were said to be uncertain as to how the new system actually worked, pending the release of detailed instructions, and to be involved in settling old positions.

The Milan bourse indices doubled last year and had gone up a further 68 per cent by the middle of last May, provoking a flood of capital raising operations by Italian companies.

The Consob was provided with a new set of directors early this year in order to improve the image of the stock market and make it a reasonably safe and consistent, yet lively, forum for share dealings.

So far its drastic actions have aroused fears that it may kill off the good things of the market as well as the bad. Yesterday market traders indicated that it was too early to reach a verdict on the latest measures.

Olivetti lifts sales in first six months

By Our Rome Staff

ING C. OLIVETTI, the parent company for the Italian business machine and office equipment group, said yesterday that sales for the first six months of this year were running 26.6 per cent ahead of the 1980 level.

The performance compares favourably with the sales outturn over the opening five months when a gain of 23.7 per cent to L526bn ($437m) was notched-up.

The company also explained that borrowings had continued to decline, easing to L170.3bn at the close of May, compared with L318.7bn a year earlier.

The reduction reflected improving cash-flow and the impact of the recent rights issue.

Overall, profits this year were expected to be considerably higher than in 1980 and ahead of budget. Last year the parent company earnings were L50.1bn.

Johan Reksten to lose ship contracts

By Fay Gjester in Oslo

TWO SHIPPING companies within the Reksten group, Hadrian and Trajan, are to cancel their management contracts with a Bergen company owned by Mr Johan Reksten, the son of the late Mr Hilmar Reksten.

The move follows pressure from the Norwegian Guarantee Institute, which has made it clear that it could no longer underwrite loans to the two companies if they did not withdraw their 12 tankers from the management of Mr Johan Reksten.

The future of Hadrian and Trajan is unclear. The shipping company, Bergenske Dampskibsselskab, has shown interest in taking over the management operations but the boards of Hadrian and Trajan said they would like Trajan to build up a staff which could operate the ships. In any event, the institute will have the final word in any solution.

Moevenpick spending centres on overseas side

BY JOHN WICKS IN ZURICH

MOEVENPICK, the Swiss restaurant and hotel group, is to invest about SwFr 128.4m ($61.9m) up to 1983 with foreign projects taking a major part in the spending programme.

Last year, when total group turnover rose by 9.8 per cent to SwFr 444.3m, foreign operations — primarily in Germany—accounted for a share of around 27.5 per cent. This proportion is now to increase.

In the restaurant and snack bar sector, which makes up about 72 per cent of sales, new outlets have already been opened this year in Toronto, New York, Hamburg and Weil am Rhein in Germany. A three-restaurant unit is about to open in Kuwait and a further snack bar is due to open in Hamburg.

In the company's international hotels division, the Lysia Hotel in Lubeck was taken over at the start of this year and Moevenpick is to manage the Albilad Hotel in Jeddah.

Next year, new hotels are to open in Brunswick and Münster in Germany and in Luxor, Egypt. The latter project, which follows a similar bungalow development in Cairo which has been operating since 1976, is to be built on Crocodile Island in Luxor.

The investment plans abroad and in Switzerland call for a capital increase in order to maintain Moevenpick's policy of balancing borrowed and own funds. The board is to make a decision on this in August, but already expects a rights issue "in the 10 to 20 per cent region" with an issue price no higher than two-thirds of the market value.

For the financial year to March 31, the parent company —Moevenpick Holding (Zurich) — is paying a dividend of 1 per cent on slightly increased capital. Net profits reached a record SwFr 4.01m ($1.93m) after a rise in group operating profits for calendar 1980 to SwFr 24.62m.

Malaysian property group in $53m deal

By Wong Sulong in Kuala Lumpur

PACIFIC DEVELOPMENT Corporation, the Malaysian finance and property group, has announced a property acquisition worth 120m ringgit (US$53m). It is to take over the capital of Menang Holdings through an issue of shares.

Menang owns 387 acres of prime land near Seremban Town, 60 miles south of Kuala Lumpur, for which approval for the building of more than 4,300 residential and commercial units has been gained.

The PDC acquisition is the latest of a series of property purchases by Malaysian publicly listed companies which during the past 18 month have acquired more than 2bn ringgit ($870m) of privately own properties.

Volkskas near to takeover of Bank OVS

By Jim Jones in Johannesburg

NEGOTIATIONS for the Volkskas Group, the fourth largest South African banking concern, to take over the Bank of The Orange Free State (Bank OVS), the general banker, have reached an advanced state.

Bank OVS has a market capitalisation of R10m ($11.5m), compared with the R155m of the Volkskas. Terms of the acquisition have not been disclosed.

Bank OVS had total assets of R380.5m on March 31, against R229.6m a year earlier, and earned attributable profits of R1.3m, compared with R900,000 the previous year. The bank concentrates on consumer financing through financing portfolio spreads into the industrial and agricultural sectors.

Volkskas reported total assets of R4.77bn on March 31, against R3.76bn a year earlier, and earned attributable profits of R44.9m against R28m previously.

Bank OVS has a 20 per cent interest in Volkskas Merchant Bank, with Volkskas Group holding the other 80 per cent. The merchant bankers had total assets of R259.7m on March 31, and recorded operating profits of R2.5m in 1980-81.

Bank OVS' major shareholding is the investment holding company, Rentmeesterbeleggings, which holds 23.5 per cent.

Bank OVS shares are currently priced at 72 cents on the Johannesburg Stock Exchange.

Buoyant electronics result lifts Hitachi to new peak

BY YOKO SHIBATA IN TOKYO

RECORD consolidated earnings and sales have been posted for the third consecutive year by Hitachi Limited, Japan's largest manufacturer of electrical and electronic products.

Hitachi's consolidated net profits rose by 12 per cent, from Y115.19bn to Y129.08bn ($569m) for the year to end March 1981 on consolidated sales of Y3,359.18bn, up 14 per cent over the previous year's Y2,945.38bn. Consolidated profits per share were Y48.66, compared with Y43.87 in the previous year.

Stockholders' equity increased by 15 per cent to reach Y985bn, while the ratio of stockholders' equity to total assets was lifted to 28.9 per cent from 27.2 per cent in the previous year.

The improvement in turnover was chiefly contributed by sales by the electronics division, particularly of semiconductors and computers. Sales of these two items rose by 20 per cent to account for 20 per cent of total turnover. Hitachi's OEM (original equipment manufacturer) business of computers was in full swing with turnover up 16 per cent to Y250bn during the year and projected at Y285bn for a 14 per cent increase in the current period.

Sales of semiconductors reached Y165bn, up 27 per cent in the past year with outside sales accounting for 83 per cent of total production.

Sales by the power systems and equipment division fared well with turnover advancing 15 per cent to Y595bn, helped by successful sales of nuclear power plants.

Spectacular growth was made in sales of video tape recorders (VTRs) which gained by 132 per cent to Y55bn. Monthly production of VTRs is running at 80,000 units currently compared with 30,000 units monthly at the beginning of the past year and is planned to increase to 100,000 units by this September.

Vigorous VTR sales offset weak sales of electric appliances to boost sales of the consumer product division by 10 per cent to account for 20 per cent of total turnover.

Overseas sales, which gained by 35 per cent to Y808bn or 24 per cent of the total, were supported by sales of ICs, VTRs, computers and rolling stock.

The improvement in profitability following the rapid sales of electronic products outweighed poor sales of electrical appliances and unprofitable sales of utility apparatus and equipment.

During the current year, Hitachi's sales are expected to grow by around 13 to 14 per cent and a further improvement in profit margin is expected as a result of continued buoyancy in sales of VTRs and electronic products.

Kohler Brothers profits sharply ahead at halfway

BY DES KILALEA IN JOHANNESBURG

KOHLER BROTHERS, South Africa's second largest packaging group, and a subsidiary of General Mining Corporation, the mining finance house in the Federale Mynbou group, raised its pre-tax profits in the first half-year by 39 per cent to R13.2m ($15.2m). Turnover for the six months to June 30 was up 25 per cent to R82.3m ($94.6m).

A higher rate of tax, 39 per cent against 36 per cent, curtailed the rise in taxed profits.

Earnings per share were up 32 per cent to 94.9 cents from 71.7 cents. The company says it expects to maintain this rate of growth in the second half of the year, suggesting a minimum for the full year of some 190 cents a share, compared with 167.5 cents in 1979.

An interim dividend of 45 cents a share has been declared, against 35 cents previously.

Better margins were produced by expansion and productivity programmes, Kohler said.

Carrian in bid for General Bottling

By Adrian Boven in Hong Kong

THE ACTIVELY expanding Carrian Group has figured for the second time within one week in a takeover bid on the Hong Kong stock market, this time as oneof two partners who are acquiring control of General Bottling, the Hong Kong franchise outlet for Seven Up and Schweppes.

Carrian holds 45 per cent of a joint venture with a Singapore bottling company, Yeo Hiap Seng, which has agreed to pay the controlling shareholders of General Bottling HK$49m (US$8.9m) for their 68.1 per cent holding at HK$8 a share and will make an offer on the same terms to the small shareholders.

Earlier, Carrian paid HK$ 191m to acquire 46.5 per cent of a Hong Kong insurance firm with valuable property interests, China Underwriters, from Ayala International Holdings of the Philippines.

The offer for General Bottling is conditional on approval by shareholders of the sale of one industrial property to a Carrian subsidiary for HK$120m.

Murdoch, Tung and TNT in oil exchange link

By Our Financial Staff

NEWS INTERNATIONAL, the UK subsidiary of News Corporation, the Australian Press and television group headed by Mr Rupert Murdoch, has joined with Thomas Nationwide Transport in a consortium to join the International Petroleum Exchange in London, TNT, the international transport concern, has announced.

Other members of the consortium are Mr C. Y. Tung, head of the Hong Kong shipping group, and Gray Shipping, the UK investment company. News and TNT, which will each have a 25 per cent stake in the consortium, jointly own Ansett Transport Industries, the airline and road transport group.

The exchange opened for trading in gas oil futures in April. The consortium will hedge oil purchases for Ansett and for TNT's transport operations. It will also offer services to other clients.

Steady growth for LTA

BY OUR JOHANNESBURG CORRESPONDENT

LTA, the South African construction company which is 29.1 per cent owned by Anglo-American Corporation, increased pre-tax operating profit by 22.5 per cent to R16.8m ($19.3m) in the year to March 31 from R13.7m the previous year. Turnover rose by 29.6 per cent to R613m ($705m), against R473m previously.

All divisions performed well, the management says, with structural steel operations putting in a particularly strong performance. Competition remained strong in the construction sector, but the company is optimistic on growth prospects.

At the same time certain shifts in operating activity are foreseen in the medium term.

A total dividend of 30 cents has been declared from earnings of 83 cents a share, compared with a dividend of 24 cents, the year before from earnings of 61 cents.

Gain at Paul Y Construction

AN INCREASE of 45 per cent in after-tax profits for the year to end-March is announced by Paul Y Construction, the Hong Kong construction company that concentrates on technically complex projects. The profits totalled HK$50.93m (U.S.$9.3m), compared with HK$35.13m the previous year, writes Adrian Baven in Hong Kong. The group also reports extraordinary earnings of HK$320.75m and exchange translation gains of HK$1.39m.

A final dividend of 15 cents a share is declared, making a total for the year of 21 cents a share, 21 per cent up from an adjusted 17.3 cents. Shareholders will also get a one-for-five scrip issue.

Economic screws tighten on Tanzania

BY MICHAEL HOLMAN, RECENTLY IN DAR ES SALAAM

WHEN President Julius Nyerere of Tanzania visited the town of Kyela last month, he was met with a disconcerting request. He was asked by Mr Mwalitagete, chairman of the local branch of the Chama Cha Mapinduzi (CCM) — Tanzania's ruling Revolutionary Party—to reverse his government's policy of promoting co-operative trading stores, and allow private traders to open up in competition with them.

The co-operatives, Mr Mwalitagete argued, were hopelessly inefficient, and a major cause of the critical shortage of basic commodities in the town.

His plea was rejected out of hand. For, in spite of growing domestic and international criticism, and the most serious economic crisis since independence, Dr Nyerere remains totally committed to his socialist policies.

There is no disguising the crisis: a dismal series of statistics make up what Finance Minister Amir Jamal last month described as "acute strain and stress."

Foreign reserves have fallen to £600,000, barely two days' import cover. Last year's trade deficit was £300m. Arrears in payments to foreign suppliers top £150m, stretching back 24 months.

Foreign exchange allocations to industry have been steadily cut, and since 1978 the sector has been operating at 40 per cent of capacity, creating widespread shortages. Inflation was at least 36 per cent last year

Ashley Ashwood,

DR JULIUS NYERERE: committed to socialism

and is running even higher in 1981.

Inevitably, the International Monetary Fund (IMF) is back on the scene, in spite of last year's much publicised dispute with the Tanzanian Government. Then, both Dr Nyerere and Mr Jamal strongly criticised the organisation for a lack of sensitivity to Tanzanian needs. A two-year Special Drawing Rights (SDR) £195m agreement concluded in September soon came unstuck, when Tanzania was unable to keep to the terms. After only one drawing the agreement was suspended.

However, talks got going again last month on a three-year extended fund facility, in which more than £250m is under negotiation.

Much is at stake, though few outside observers expect early success. On the one hand Tanzania desperately needs the money but faces increasing criticism of its policies from donors — who provide 60 per cent of the development budget. On the other hand the fund, sensitive to criticism about its formulae for developing countries in trouble, is up against two of its most articulate critics — President Nyerere himself and Mr Jamal.

For President Nyerere it is the most testing period of his 20 years in office. Mentor to a trio of East African leaders—Milton Obote of Uganda, Samora Machel of Mozambique, and Robert Mugabe of Zimbabwe—he is a major influence in the region. Yet as the economic screws tighten, his commitment to socialism is put across with much the same conviction and passion as Margaret Thatcher defending her government's record. And like Mrs. Thatcher, he gives critics short shrift, despatching them with a mixture of inflexible determination and exasperation.

The people of Tanzania are being told that their deterioration in living standards is not the fault of socialism but rather of external factors largely beyond the Government's control. The message is accompanied by exhortations to work harder, trim costs.

Austerity measures include cancelling the 20th anniversary of independence celebrations and imposing petrol rationing. At the same time a series of measures has been introduced designed to raise crop production and improve the performance of notoriously inefficient State-owned companies.

The agricultural sector, for example, will be given priority in foreign exchange allocations. Moreover only 5.8 per cent of the 1981-82 budget will be spent on new projects, compared to the previous year's 23 per cent, reflecting the emphasis on maintaining and servicing what the country already has.

President Nyerere and his Minister regularly list the external factors which have contributed to the country's predicament.

- Fuel costs have risen to 60 per cent export earnings.
- Terms of trade have drastically deteriorated. Thus to buy a tractor in 1979 required 13 tonnes of tea, compared to 5 tonnes in 1972.
- Poor weather—drought and flood—has hit the eight main cash crops which account for more than 90 per cent of export earnings.
- The break up of the East Africa Community in 1977 forced Tanzania into heavy spending, particularly on transport and communications.
- The 1978-79 overthrow of Idi Amin is said to have cost £250m and the monthly burden of retaining 10,000 troops and policemen in Uganda—most of whom have now been withdrawn—is put at £½m.

These problems have had a devastating effect on Tanzania's remarkable achievements in the provision of social services since independence. But the system has been breaking down —rural water pumps in disrepair, clinics without adequate medicines—as the economy deteriorates.

For all the impact of external factors there is an increasingly tough appraisal from donors, and many Tanzanians themselves, about the calibre of Government policies and institutions. Most economists agree that inadequate pricing policies have been a major factor in the poor record of vital cash crops.

"The performance of export crops over the decade of the 1970s can only be described as something of a disaster," according to agricultural economist, Dr Frank Ellis. Comparing three-year averages at the beginning and end of the decade, he calculated that marketed output fell 21 per cent.

The ten State-owned crop authorities have a dismal record. The cost of administration of the pyrethrum board, for example, rose from Tan shillings 5 per kilo in 1976-77 to Tan shillings 17 in 1979-80—two shillings more than the average world price per kilo. Pyrethrum production has fallen from around 70,000 tonnes in 1977 to less than 20,000 last year.

Five of the ten State corporations borrowed in 1980 more than their average annual purchases. The National Bank of Commerce lending to the ten was £308m by December 1980—nearly double annual value of official crop purchases.

Most observers believe that despite the economic pressures President Nyerere — re-elected to a further five-year term last December—is without serious rival. But there is an increasing undercurrent of despair, cynicism and corruption as conditions decline.

Sometimes cautious dissent surfaces, as in a locally published paperback entitled "Honest to My Country," written under the pen name "Candid Scope." Proposals for constitutional and economic policy changes are cautiously phrased.

Every now and then, however, there are a few sparks, as in the portrayal of Tanzania as a country pervaded by "fears of ending up in detention, of being spied upon, fears of losing a nice job ... if you dare to air a view which contradicts the authorities."

That the publication has been tolerated at all is interesting. Perhaps more interesting is the fact that the Catholic book shop in Dar es Salaam sold out of its latest batch of 700 copies within a few days.

APPOINTMENTS

Executive changes at Barclays Bank

Mr Roy Vine, senior general manager, will become a vice-chairman of BARCLAYS BANK UK from January 1 1982 on the retirement of **Mr Douglas Horner**. Mr Vine remains a director of Barclays Bank and Mr Horner continues as non-executive chairman of Mercantile Credit Company and a director of Barclays Bank and Barclays Bank UK.

At the same time **Mr John Quinton**, a Barclays general manager, is to be senior general manager and a director of the bank. He will continue as a director of Barclays Bank UK. **Mr Owen Roote**, senior local director of Barclays' Leeds district and chairman of the West Yorkshire local board, will be a general manager. He will remain a director of Barclays Bank UK.

On October 1 1981 **Mr Humphrey Norrington**, a regional general manager, will take over as a general manager and a director of Barclays ank UK on the retirement of **Mr Gordon Thomson.**

★

Mr Brian Kirby has been appointed managing director of MERCIA ENGINEERING COMPANY following the retirement of **Mr Jack Chapman** who remains a consultant. The company is a subsidiary of Redman Heenan International.

★

Mr John Wilkin, technical director (sales) of CHEMRING, has resigned from the board and left that concern to undertake research and development work with his own company called CRYPTEC.

★

Mr Phillip A. Lowe has been appointed commercial director of YORKSHIRE CHEMICALS. He joined the company in April from Carrington Fabrics.

★

Mr Ovidio D'Andrea has become general manager of the London branch of BANCO DE LA NACION ARGENTINA in place of **Mr Julio R. Franceschi** who has been transferred to the Miami branch.

★

Mr M. Morris and **Mr M. M. Gould** have been appointed to the board of LEWIS AND PEAT (MERCHANTING), a subsidiary of Guinness Peat Group.

★

Mr Richard Hardwick has been appointed to the board of VALIN POLLEN.

★

Mr John O. Roberts will join the BRITISH PRINTING INDUSTRIES FEDERATION as director general on October 1. **Mr Henry Kendall** retired as director last month. Mr Roberts retired from the Royal Navy in 1978 with the rank of Rear-Admiral. Since then he has worked for Aeronautical and General Instruments of Croydon. He has been head of marketing and sales of the defence systems division since 1980 and more recently was appointed divisional director for the defence equipment business of that company.

★

Mr Ronald E. Ferguson, a director and senior vice-president of General Reinsurance of Greenwich, Connecticut, has been appointed a director of TRIDENT GENERAL INSURANCE and TRIDENT LIFE ASSURANCE.

★

Mr R. C. Chevassut and **Mr J. Mallen** have been appointed to the newly created positions of technical director and director of marketing, respectively of PICKERINGS LIFTS.

★

LLOYDS BANK states that **Mr John Buddle** has been seconded to the Department of Industry as deputy director of the Industrial Development Unit. Mr Buddle was deputy regional general manager in the Birmingham regional head office of Lloyds Bank.

★

Mr R. J. Halcrow, Mr R. Highman, Mr J. M. Howard, Mr C. J. Knight, Mr N. H. Livingston, Mr G. B. B. Scott, Mr J. M. Short, Mr M. J. C. Watts, Mr R. H. Westcott, Mr A. H. M. White and **Mr F. E. B. Witts** have become senior assistant directors of MORGAN GRENFELL AND CO. Appointed assistant directors are **Mr J. P. S. Crawford, Mr R. C. Harford** and **Mr J. G. S. Scott.**

★

When **Mr Peter Gregson** leaves the DEPARTMENT OF TRADE at the beginning of August to take up his appointment as head of the Economic Secretariat at the Cabinet Office, his responsibilities for marine, shipping and civil aviation will be assumed by **Mr William Knighton**, who will continue to have responsibility for competition policy and consumer affairs. These changes will result in the saving of a deputy secretary post.

★

Mr Roy Towell has been appointed managing director of the mechanical engineering division of BEECHWOOD CONSTRUCTION (HOLDINGS) and chairman of the division's three subsidiaries, Wellfield Engineering, Spencer Harris and Grainger Hydraulics.

★

Mr James J. Moffat has joined the board of CONSOLIDATED-BATHUST (OVERSEAS). **Mr R. A. Coates**, deputy managing director and sales director, has retired.

CURRENCIES, MONEY and GOLD

$ and £ firm

The dollar rose sharply in currency markets yesterday underpinned by firm U.S. interest rates. It touched its highest level ever against the Italian lira and Danish krone and finished at its best level against the French franc since the introduction of the new franc in 1960. It also rose to its best level against the D-mark since October 1976 and May 1980 against the yen.

Sterling improved all round, boosted by rumours that the UK authorities intended to give sterling a greater measure of support and action by the Bank of England to put upward pressure on short term interest rates.

European currencies were sharply weaker against the dollar yesterday but showed no positional change within the European Monetary System. The D-Mark was weaker against its central rate compared with Friday but remained the most improved currency followed by the Italian lira. Both the latter and the Danish krone were fixed at record lows against the dollar. The Belgian franc was again the weakest member of the system but improved later in the day to finish within its intervention level against the D-Mark.

STERLING — trade weighted index (Bank of England) rose to 93.2 from 92.5, having stood at 93.3 in the morning and 92.7 at noon. The pound opened and closed at the same level against the dollar but sank to a low of $1.8790 around lunchtime before recovering during the afternoon to close at $1.90000-1.9010, a rise of 70 points from Friday's close. The pound was also firmer against European currencies, rising above FFr 11 to close at FFr 11.0250, up from FFr 10.58 and DM 4.66 against the Deutsche Mark compared with DM 4.5725. It was also higher against the Swiss franc at SwFr 3.9750 from SwFr 3.9275.

DOLLAR — trade weighted index (Bank of England) rose from 109.9 to 110.6. The dollar improved against al currencies other than sterling. There was little U.S. participation however on the first full day of trading after Independence Day with market also waiting for U.S. money supply figures. The dollar rose to DM 2.4500 against the Deutsche Mark compared with DM 2.4140 on Friday and finished at SwFr 2.0910 from SwFr 2.0730 against the Swiss franc. It closed at Y320.15 from Y228.35 against the yen and was higher against the French franc at FFr 5.8025 compared with FFr 5.7325.

D-MARK—Strongest member of the European Monetary System but losing ground once again to the strong dollar as U.S. interest rates remained firm. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of Germany's exports may assist a recovery as long as U.S. rates do not show a further rise—The dollar rose sharply at yesterday's fixing in Frankfurt, rising to DM 2.4490 from DM 2.4107 and touching its best level since October 1976. However there was no intervention at the fixing by the Bundesbank although some support may have taken place during the day apparently without much effect. The D-mark was depressed by a rather gloomy economic picture painted by leading West German research institutes in addition to a sharp reduction in the trade surplus as shown in May figures. Sterling rose to DM 4.612 at the fixing from DM 4.564 and the Swiss franc was higher at DM 1.1702 against DM 1.1652. In later trading the dollar was quoted at DM 2.4485.

THE POUND SPOT AND FORWARD

July 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8790-1.9040	1.9000-1.9010	1.10-1.20c dis	−7.26	2.40-2.50dis	−5.16
Canada	2.2590-2.2850	2.2835-2.2845	1.35-1.45c dis	−7.38	3.40-3.55dis	−6.09
Nethlnd.	5.11-5.18	5.16¾-5.17¾	⅜c pm-½ dis	0.29	2-1 pm	1.18
Belgium	75.25-76.25	76.10-76.20	30-40c dis	−5.52	85-95 dis	−4.73
Denmark	14.42-14.59	14.57½-14.58½	5½-6½ore dis	−4.99	14-15½ dis	−4.06
Ireland	1.2630-1.2785	1.2755-1.2770	0.26-0.39p dis	−3.06	0.94-1.11dis	−3.21
W. Ger.	4.60-4.67	4.65½-4.66½	¼pf pm-¼pf dis	—	1-½ pm	0.64
Portugal	119.90-122.60	122.35-122.55	70-135c dis	−10.04	155-320 dis	−7.76
Spain	183.00-185.50	185.20-185.40	105-135c dis	−7.77	275-340 dis	−6.64
Italy	2,285-2,315	2,311-2,312	27-29lire dis	−14.54	72-75 dis	−12.72
Norway	11.47-11.65	11.63-11.64	¾ore pm-¼ dis	—	4-2½ pm	0.55
France	10.88-11.03½	11.02-11.03	10½-11½c dis	−11.97	23½-25 dis	−8.80
Sweden	9.71-9.86	9.84-9.85	2½-3½ore dis	−3.50	4⅞-5⅞ dis	−2.18
Japan	432-438½	437-438	2.40-2.10y pm	6.17	6.20-5.90 pm	5.53
Austria	32.44-32.83	32.77-32.82	1gro pm-3 dis	−0.06	4 pm-6 dis	−0.12
Switz.	3.92-3.98	3.97-3.98	1½-½c pm	2.64	2¾-2½ pm	2.64

Belgian rate is for convertible francs. Financial franc 78.80-78.90. Six-month forward dollar 3.73-3.83c dis. 12-month 5.10-5.25c dis.

THE DOLLAR SPOT AND FORWARD

July 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8790-1.9040	1.9000-1.9010	1.10-1.20c dis	−7.26	2.40-2.50dis	−5.16
Ireland†	1.4880-1.4915	1.4870-1.4800	0.45-0.55c dis	−4.03	0.73-0.85dis	−2.12
Canada	1.2010-1.2030	1.2022-1.2025	0.04c pm-par	0.20	0.28-0.32dis	−1.00
Nethlnd.	2.7130-2.7230	2.7200-2.7230	1.78-1.68c pm	7.64	4.32-4.22 pm	6.28
Belgium	39.85-40.08	40.06-40.08	11-6c pm	2.55	13-8 pm	1.05
Denmark	7.6635-7.6780	7.6685-7.6735	1.30-1.05ore pm	1.84	2.30-1.80 pm	1.07
W. Ger.	2.4225-2.4550	2.4495-2.4505	1.46-1.40pf pm	7.00	3.52-3.46 pm	5.70
Portugal	64.30-64.75	64.40-64.60	par-30c dis	−2.78	par-80 dis	−2.47
Spain	97.40-97.70	97.40-97.45	par-10c dis	−0.61	20-40 dis	−1.23
Italy	1,214-1,218	1,216-1,217	7-8lire dis	−7.40	22-24 dis	−7.56
Norway	6.0975-6.1270	6.1190-6.1240	4-3½ore pm	7.34	9½-9¼ pm	6.20
France	5.7600-5.8100	5.8000-5.8050	2-3c dis	−5.18	4⅝-5⅜ dis	−3.45
Sweden	5.1640-5.1800	5.1750-5.1800	2.00-1.80ore pm	4.40	4.85-4.65 pm	3.67
Japan	229.00-231.00	230.10-230.20	2.50-2.35y pm	12.64	6.15-6.00 pm	10.56
Austria	17.24½-17.28	17.25-17.26	10½-9gro pm	6.78	24½-20½ pm	5.22
Switz.	2.0730-2.0960	2.0905-2.0915	1.86-1.76c pm	10.39	4.32-4.22 pm	8.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	93.2	−31.2
U.S. dollar	110.6	+3.9
Canadian dollar	88.4	−16.9
Austrian schilling	110.5	+21.3
Belgian franc	104.6	+8.6
Danish kroner	85.2	−11.8
Deutsche mark	115.7	+37.5
Swiss franc	136.4	+84.2
Guilder	107.5	+14.1
French franc	82.4	−11.6
Lira	57.2	−55.8
Yen	141.3	+35.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	Unavail.	0.551373
U.S. $	14	"	1.04430
Canadian $	19.06	"	1.25557
Austria Sch.	6¾	"	17.7844
Belgian F.	13	"	41.3282
Danish K.	11	"	7.91058
D mark	7½	"	2.52199
Guilder	9	"	2.80395
French Fr.	9½	"	5.98750
Lira	19	"	1256.29
Yen	6¼	"	238.257
Norwgn. Kr.	9	"	6.31384
Spanish Pts.	8	"	100.879
Swedish Kr.	12	"	5.35204
Swiss Fr.	5	"	2.16588
Greek Dr'ch.	20½	"	61.5458

OTHER CURRENCIES

July 6	£	$		£ Note Rates
Argentina Peso	8590-8620†	4563-4573†	Austria	32.30-32.60
Australia Dollar	1.6555-1.6605	0.8730-0.8735	Belgium	77.60-78.40
Brazil Cruzeiro	171.13-172.13	90.95-91.40	Denmark	14.40-14.55
Finland Markka	8.56-8.58	4.5200-4.5220	France	10.84-10.94
Greek Drachma	108.802-111.928	59.70-59.90	Germany	4.60-4.64
Hong Kong Dollar	10.58-10.60	5.5950-5.5960	Italy	2245-2285
Iran Rial	151.70*	80.65*	Japan	432-438
Kuwait Dinar (KD)	0.533-0.539	0.2830-0.2833	Netherlands	5.11-5.14
Luxembourg Frc.	76.10-76.20	40.06-40.08	Norway	11.45-11.57
Malaysia Dollar	4.4390-4.4490	2.3475-2.3495	Portugal	118-121
New Zealand Dlr.	2.2490-2.2540	1.1850-1.1860	Spain	177½-184
Saudi Arab. Riyal	6.43-6.49	3.4090-3.4110	Sweden	9.70-9.80
Singapore Dollar	4.0765-4.0885	2.1570-2.1590	Switzerland	3.92-3.96
Sth African Rand	1.7115-1.7135	0.9005-0.9015	United States	1.88¼-1.89¾
U.A.E. Dirham	6.93-6.99	3.6715-3.6735	Yugoslavia	69-80

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,165-12,185 and for the dollar 6,400-6,450. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3514	+1.36	+1.36	±1.5361
Danish Krone	7.91917	7.92492	+0.07	+0.07	±1.6413
German D-Mark	2.54502	2.52807	−0.67	−0.67	±1.1386
French Franc	5.99526	5.98847	−0.11	−0.11	±1.3638
Dutch Guilder	2.81318	2.80736	−0.21	−0.21	±1.5159
Irish Punt	0.685145	0.692950	+1.14	+1.14	±1.6688
Italian Lira	1262.92	1256.29	−0.52	−0.52	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.901	4.660	437.5	11.025	3.975	5.173	2312.	2.284	76.15
U.S. Dollar	0.526	1.	2.452	230.2	5.801	2.092	2.722	1216.	1.202	40.07
Deutschemark	0.215	0.408	1.	94.88	2.366	0.853	1.110	496.0	0.490	16.34
Japanese Yen 1,000	2.286	4.344	10.65	1000.	25.20	9.086	11.82	5283.	5.221	174.1
French Franc 10	0.907	1.724	4.227	396.8	10.	3.605	4.692	2097.	2.072	69.07
Swiss Franc	0.252	0.478	1.172	110.1	2.774	1.	1.301	581.6	0.575	19.16
Dutch Guilder	0.193	0.367	0.901	84.58	2.131	0.768	1.	446.9	0.442	14.72
Italian Lira 1,000	0.433	0.822	2.016	189.3	4.770	1.720	2.238	1000.	0.988	32.94
Canadian Dollar	0.438	0.832	2.040	191.5	4.827	1.740	2.265	1012.	1.	33.34
Belgian Franc 100	1.313	2.496	6.120	574.5	14.48	5.220	6.792	3035.	2.999	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 6)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 3/16	offer 18 5/16	bid 17 3/4	offer 17 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11½-12	19-19¼	18½-19½	11⅝-11⅞	6¾-7	11⅝-11⅞	21-26	19-22	11-13	6⅜-6⅝
7 days' notice	11¾-12¼	18⅞-19⅛	18½-19½	11¾-11⅞	6-6½	11¾-11⅞	21-26	25-28	12-14	6½-6¾
Month	12⅝-12⅞	18⅝-18⅞	19¼-19⅝	11⅞-12	9⁹⁄₁₆-9¹¹⁄₁₆	12⅛-12¼	21½-23½	25⅜-26⅛	16⅞-17⅜	6⅞-7⅛
Three months	13⅛-13⅜	18⅛-18⅜	19⅛-19½	11⅞-12	10-10¼	12⅛-12¼	21-23	25¾-26½	17-17½	7⁷⁄₁₆-7¹¹⁄₁₆
Six months	13½-13¾	17⅝-17⅞	18⅜-18¾	11⅞-12	10-10⅛	12⅛-12¼	20-21½	25¼-26	16¹⁵⁄₁₆-17⅛	7¹³⁄₁₆-8¹⁄₁₆
One Year	13¾-14	16¾-17	17⅝-18	11⅞-12	9¼-9⅜	12¹⁄₁₆-12³⁄₁₆	18½-19½	24¾-25½	16⅝-16⅞	8⅛-8⅜

SDR linked deposits: one-month 15⁹⁄₁₆-15¹¹⁄₁₆ per cent; three-months 15⁹⁄₁₆-15¹¹⁄₁₆ per cent; six-months 15⁵⁄₁₆-15⁷⁄₁₆ per cent; one-year 14⁹⁄₁₆-14¹¹⁄₁₆ per cent.
ECU linked deposits: one-month 15-15⅛ per cent; three-months 15⁹⁄₁₆-15¹¹⁄₁₆ per cent; six-months 15⁵⁄₁₆-15⁹⁄₁₆ per cent; one-year 14¹⁵⁄₁₆-15⁵⁄₁₆ per cent.
Asian $ (closing rates in Singapore): one-month 18⅝-18¾ per cent; three-months 18³⁄₁₆-18⁵⁄₁₆ per cent; six-months 17⅝-17⅞ per cent; one-year 16¾-16⅞ per cent.
Long-term Eurodollar two-years 16⅞-16⅛ per cent; three-years 15⅞-16 per cent; four-years 15⅝-15⅞ per cent; five-years 15½-15¾ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.40-18.50 per cent; three-months 17.75-17.85 per cent; six-months 16.90-17.00 per cent; one-year 16.25-16.35 per cent.

INTERNATIONAL MONEY MARKET

Paris call rate cut

The easier trend in French interest rates continued yesterday, with Paris call money falling to 18¾ per cent from 18⅞ per cent. On Friday the call rate was also cut by ½ per cent. The Bank of France, which recently cut its money market intervention rate on seven-day Treasury bills to 19½ per cent from 22 per cent, held an auction of FFr 3bn of four-month bills yesterday. The average yield fell to 17.775 per cent, from 18.92 per cent at the last auction on June 30. Bids totalled FFr 4.43bn, and FFr 3.13bn were sold.

In Brussels the Belgian National Bank raised the interest rates on Treasury certificates for the fifth time in five working days. One, two and three-month rates were increased by ½ per cent to 15¼ per cent, 16 per cent and 16½ per cent respectively. The recent efforts of the authorities to support the Belgian franc — the weakest member of the European Monetary System—have led to speculation about a rise in Belgium's discount rate tomorrow.

In Tokyo money market conditions are expected to remain comfortable, with the Bank of Japan intervening to absorb liquidity and prevent any sharp drop in interest rates. Unconditional call money eased to 7.125 per cent from 7.25 per cent by the middle of last week, but sales of bills by the authorities countered the trend and call money finished on Friday at 7.375 per cent and was unchanged yesterday.

MONEY RATES

NEW YORK	
Prime Rate	20-20½
Fed. Funds	19⅞-20
Treasury bills (13-week)	14.20
Treasury bills (26-week)	13.80
GERMANY	
Special Lombard	12.0
Overnight rate	11.95
One month	12.75
Three months	12.85
Six months	12.95
FRANCE	
Intervention rate	19.75
Overnight rate	18.75
One month	18.375
Three months	17.875
Six months	17.125
JAPAN	
Discount rate	6.25
Call (unconditional)	7.375
Bill discount (three-month)	7.46875

UK MONEY MARKET

Rates rise

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Short term interest rates rose sharply in the London money market yesterday following the intervention of the authorities. Discount houses buying rates for three-month eligible bank bills rose to 13-13⅛ per cent from 12⁹⁄₁₆-12⁷⁄₁₆ per cent, and in the interbank market three-month money was quoted around 13¼-13⅜ per cent, compared with 12¹¹⁄₁₆-12¾ per cent on Friday.

With money in short supply the Bank of England lent a moderate amount for a week to two or three houses, at a rate above Minimum Lending Rate. This pushed up interest rates for all periods, particularly at the shorter end of the market, where it was intended to bring rates more into line with longer term rates. The market was helped by an excess of Government disbursements over revenue payments to the Exchequer, but this was outweighed by small run-down bank balances, and a small number of maturing bank bills in official hands.

GOLD

Weaker trend

Gold fell $10 an ounce in the London bullion market yesterday to $403-405, its lowest closing level since November 1979. Trading was rather active with a strong dollar seen as the main force behind the metal's decline.

In Paris the 12½ kilo bar was fixed at FFr 88,000 per kilo ($471.35 per ounce) in the afternoon compared with FFr 88,000 ($473.13) in the morning and FFr 89,200 ($484.70) on Friday.

In Frankfurt the 12½ kilo bar was fixed at DM 31,855 per kilo ($404.99 per ounce) against DM 32,160 ($415.06) previously and closed at $403-405 compared with $413-415.

In Luxembourg the 12½ kilo bar was fixed at LuxFr 541,000 per kilo ($404.0 per ounce).

	July 6		July 3	
Gold Bullion (fine ounces)				
Close	$403-405	(£213-214)	$413-415	(£218-219½)
Opening	$405-406	(£214-215)	$413-416	(£218¼-220¼)
Morning fixing	$403.50	(£213.492)	$413.75	(£218.165)
Afternoon fixing	$403.75	(£213.817)	$414	(£217.952)
Gold Coins				
Krugerrand	$417-418	(£219¾-220¼)	$426-427	(£225-225½)
1/2 Krugerrand	$214½-215½	(£113-113½)	$219¾-220¾	(£116-116½)
1/4 Krugerrand	$109½-110¼	(£57½-58)	$112-113	(£59¼-59¾)
1/10 Krugerrand	$44½-45½	(£23½-24)	$45¾-46¾	(£24¼-24¾)
Mapleleaf	$406-409	(£213¾-215½)	$415½-418½	(£219½-221)
New Sovereigns	$101½-102¼	(£53½-54)	$103¾-104½	(£54¾-55¼)
King Sovereigns	$108-110	(£57-58)	$110-112	(£58-59)
Victoria Sovs.	$108-110	(£57-58)	$110-112	(£58-59)
French 20s	$108-114	(£56¾-60)	$108-114	(£57-60¼)
50 pesos Mexico	$499-504	(£262¾-265½)	$509-516	(£269-272½)
100 Cor. Austria	$390-396	(£205½-208½)	$398-406	(£210¼-214½)
$20 Eagles	$535-540	(£281¾-284½)	$545-550	(£288-290½)

LONDON MONEY RATES

July 6 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-12	11¼-11¾	—	—	11¼-11¾	10¾-12	—	—	—
2 days notice	—	—	11⅛-11¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11¾	11⅝-12	—	12	11⅞-12	11-11¼	—	—	—
One month	12⅛-12¼	11¹⁵⁄₁₆-12⅛	12⅛	13⅛-12¾	12⁷⁄₁₆	12¼-12⁷⁄₁₆	12	12¼-12½	12⅛-12¼	13
Two months	13⅛-12⅞	12⅞-13⅛	—	13⅛-12¾	12¹⁵⁄₁₆	12¾	12¼	12½-13	12⅝-12⅞	13½
Three months	13¼-13⅛	12¾-13⅜	12⅞	13⅛-12¾	13⁷⁄₁₆	13¼-13⅜	12½	12¾-13	13-13⅛	13¾
Six months	13½-13⅜	13⅛-13⁵⁄₁₆	13	13-12⅝	13¾	13⅝	—	—	13-13⅛	13¾
Nine months	13⅝-13½	13⁷⁄₁₆-13¹¹⁄₁₆	—	13⅝-13¼	13¹¹⁄₁₆	13½	—	—	—	—
One year	13¾-13⅝	13⁹⁄₁₆-13¹¹⁄₁₆	13⅝	13⅝-13¼	13⅞	13⅞	—	—	—	—
Two years	—	—	13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14 per cent; four-years 14⅛ per cent; five-years 14⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13-13⅛ per cent; four-months trade bills 13¾ per cent.

Approximate selling rate for one-month Treasury bills 12 per cent; two-months 12¼ per cent; three-months 12½ per cent. Approximate selling rate for one-month bank bills 11⅞-12 per cent; two-months 12½ per cent; three-months 13½ per cent and 12⅛-12¾ per cent; one-month trade bills 12¾ per cent; two-months 13¼ per cent and three-months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9839 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 6 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates. (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	112.50
Albania	Lek	9.9650
Algeria	Dinar	7.8935
Andorra	French Franc	11.025
	Spanish Peseta	185.30
Angola	Kwanza	(CM) 62.936
		(T) 55.139
Antigua (S)	E. Caribbean $	5.511
Argentina	Ar. Peso	(cm) 8,600.0
		(fn) 12,000.0
Australia (S)	Australian $	1.6585
Austria	Schilling	32.795
Azores	Portugu'se Escudo	122.45
Bahamas (S)	Ba. Dollar	1.9005
Bahrain (S)	Dinar	0.714
Balearic Isles	Spa. Peseta	185.30
Bangladesh (S)	Taka	34.06
Barbados (S)	Babados $††	3.8010
Belgium	B. Franc	(cm) 76.15
		(fn) 78.85
Belize	B $	3.8010
Benin	C.F.A. Franc	551.25
Bermuda (S)	Bda $	1.9005
Bhutan	Indian Rupee	16.55
Bolivia	Bolivian Peso	46.65
Botswana (S)	Pula	1.6310
Brazil	Cruzeiro ‡‡	171.63
Brit. Virgin Isles (S)	U.S. $	1.9005
Brunei (S)	Brunei $	4.0835
Bulgaria	Lev	1.8800
Burma	Kyat	13.52
Burundi	Burundi Franc	180.085
Cameroon Republic	C.F.A. Franc	551.25
Canada	Canadian $	2.2850
Canary Islands	Spanish Peseta	185.30
Cape Verde Isle	Cape V. Escudo	69.40
Cayman Islands (S)	Cay. Is. $	1.58375
Cent. Af. Repub.	C.F.A. Franc	551.25
Chad	C.F.A. Franc	551.25
Chile	C. Peso	(Bk) 73.42
China	Renminbi Yuan	3.3500
Colombia	C. Peso	(F) 100.92
Comoro Islands	C.F.A. Franc	551.25
Congo (Brazzaville)	C.F.A. Franc	551.25
Costa Rica	Colon	38.06
Cuba	Cuban Peso	1.3785
Cyprus (S)	Cyprus £	0.840
Czechoslovakia	Koruna	(com) 11.90
		n/c 20.72
		(T) 20.13
Denmark	Danish Krone	14.5825
Djibouti	Fr.	325 (sg)
Dominica (S)	E. Caribbean $	5.15
Dominican Repub.	Dominican Peso	1.9005
Ecuador	Sucre	(O) 47.01
		(F) 55.72
Egypt	Egyptian £	(U) 1.32
Equatorial Guinea	Ekuele	370.6
Ethiopia	Ethiopian Birr	(P) 3.8550
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.5825
Fiji Islands	Fiji $	1.6685
Finland	Markka	8.57
France	French Franc	11.025
French C'ty in Af*	C.F.A. Franc	551.25
French Guiana	Local Franc	11.025
French Pacific Is.	C.F.P. Franc	192 (sg)
Gabon	C.F.A. Franc	551.25
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.66
Germany (West)	Deutsche Mark	4.65
Ghana (S)	Cedi	5.19
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	110.264

Place and Local Unit		Value of £ Sterling
Greenland	Danish Kroner	14.5825
Grenada (S)	E. Caribbean $	5.15
Guadaloupe	Local Franc	11.025
Guam	U.S. $	1.9005
Guatemala	Quetzal	1.9005
Guinea Republic	Syli	40.68
Guinea Bissau	Peso	72.45
Guyana (S)	Guyanese $	5.6850
Haiti	Gourd	9.5025
Honduras Repub.	Lempira	3.7840
Hong Kong (S)	H.K. $	10.59
Hungary	Forint	(com) 70.85
		(T)(nc) 64.41
Iceland (S)	I. Krona	14.009(§)
India (S)	Ind. Rupee	16.55
Indonesia	Rupiah	1,185.65
Iran	Rial	150.70(sg)
Iraq	Iraq Dinar	0.56925
Irish Republic (K)	Irish £	1.27525
Israel	Shekel	22.625
Italy	Lira	2,311.5
Ivory Coast	C.F.A. Franc	551.25
Jamaica (S)	Jamaica Dollar	3.3893
Japan	Yen	437.5
Jordan (S)	Jordan Dinar	0.631(sg)
Kampuchea	Riel	2,280.6
Kenya (S)	Kenya Shilling	16.70
Kiribati	Australian $	1.6585
Korea (Nth)	Won	1.32(ll)
Korea (Sth)	Won	1,300.5
Kuwait	Kuwait Dinar	0.536
Laos	New Kip	19.005
Lebanon	Lebanese £	8.1195
Lesotho	Loti	1.7125
Liberia	Liberian $	1.9005
Libya	Libyan Dinar	0.5625
Liechtenstein	Swiss Franc	3.975
Luxembourg	Lux Franc	76.15
Macao	Pataca	10.90
Madeira	Portug'se Escudo	122.45
Malagasy Republic	MG Franc	551.25
Malawi (S)	Kwacha	1.74
Malaysia (S)	Ringgit	4.4440
Maldive Islands (S)	Mal Rupee	7.4080
Mali Republic	Mali Franc	1,102.5
Malta (S)	Maltese £	0.7550
Martinique	Local Franc	11.025
Mauritania	Ouguiya	108.20
Mauritius (S)	M. Rupee	16.45
Mexico	Mexican Peso	46.05
Miquelon	C.F.A. Franc	551.25
Monaco	French Franc	11.025
Mongolia	Tugrik	(o) 6.40(ll)
Montserrat	E. Caribbean $	5.15
Morocco	Dirham	10.30(sg)
Mozambique	Metical	54.70
Nauru	Australian Dollar	1.6585
Nepal	Nepalese Rupee	22.60
Netherlands	Guilder	5.1725
Netherland Antilles	Antillian Guilder	3.4020
New Zealand (S)	N. Z. Dollar	2.2515
Nicaragua	Cordoba	18.88
Niger Republic	C. F. A. Franc	551.25
Nigeria (S)	Naira	1.254883(sg)
Norway	Norway Krone	11.635
Oman Sul'ate of (S)	Rial Omani	0.655
Pakistan	Pakistan Rupee	18.56
Panama	Balboa	1.9005
Papua N. Guinea (S)	Kina	1.2970
Paraguay	Guarani	237.20

Place and Local Unit		Value of £ Sterling
Peru	Sol	exe (A) 785.12
Philippines	Philippine Peso	14.65
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2515
Poland	Zloty	(Cm) 67.58
		(T) 67.58
Portugal	Portugu'se Escudo	122.45
Puerto Rico	U.S. $	1.9005
Qatar (S)	Qatar Ryal	6.89
Reunion Ile de la	French Franc	11.025
Romania	Leu	(Cm) 8.67
		(nc) 21.34
Rwanda	Rwanda Franc	184.09
St. Christopher (S)	E. Caribbean $	5.15
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.15
St. Pierre	Local Franc	11.025
St. Vincent (S)	E. Caribbean $	5.15
Salvador El	Colon	4.71
Samoa American	U.S. $	1.9005
San Marino	Italian Lira	2,311.5
Sao Tome & Principe	Dobra	74.50
Saudi Arabia	Ryal	6.46
Senegal	C.F.A. Franc	551.25
Seychelles	S. Rupee	11.75(sg)
Sierra Leone (S)	Leone	2.25177
Singapore (S)	Singapore $	4.0835
Solomon Islands (S)	Solomon Is. $	1.6910
Somali Republic	Somali Shilling	(A) 11.86
South Africa (S)	Rand	1.7125
South West African Territories (S)	S. A. Rand	1.7125
Spain	Peseta	185.30
Spanish ports in North Africa	Peseta	185.30
Sri Lanka (S)	S. L. Rupee	34.90
Sudan Republic	Sudan £ (1)	0.95
Sudan Republic	Sudan £ (2)	1.52
Surinam	S. Guilder	3.4020
Swaziland (S)	Lilangeni	1.7125
Sweden	S. Krona	9.845
Switzerland	Swiss Franc	3.975
Syria	Syria £	(A) 12.50
Taiwan	New Taiwan $	68.40
Tanzania (S)	Tan. Shilling	15.70
Thailand	Baht	39.35
Togo Republic	C.F.A. Franc	551.25
Tonga Islands (S)	Pa'anga	1.6585
Trinidad (S)	Trinidad & Tob. $	4.5613
Tunisia	Tunisian Dinar	0.965(sg)
Turkey	Turkish Lira	209.14
Turks & Caicos	U.S. $	1.9005
Tuvalu	Australian $	1.6585
Uganda (S)	Uganda Shilling	147.00
United States	U.S. Dollar	1.9005
Uruguay	Uruguay Peso	(cm) 20.30
		(fn) 20.32
Utd. Arab Emirates	U.A.E. Dirham	6.96
U.S.S.R.	Rouble	1.4250
Upper Volta	C.F.A. Franc	551.25
Vanuatu	Vatu	170(sg)
	Aust. Dollar	1.6585
Vatican	Italian Lire	2,311.5
Venezuela	Bolivar	8.08
Vietnam	Dong	(O) 4.1095
		(T) 4.71(T)
Virgin Islands U.S.	U.S. Dollar	1.9005
Western Samoa (S)	Samoan Tala	1.9075
Yemen (Nth)	Ryal	8.66(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6435
Yugoslavia	New Y Dinar	72.6176
Zaire Republic	Zaire	10.591719
Zambia	Kwacha	1.6860
Zimbabwe	Zimbabwe $	1.3285

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 79.80. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

WORLD STOCK MARKETS

Dow off 12 at mid-session

STOCKS WERE continuing weaker at midsession in moderate trading, reflecting investors' concern about the outlook for interest rates.

The Dow-Jones Industrial Average was off 12.18 at 947.01, with declines outpacing advances three to one on volume om 21m shares. The NYSE All Common Index shed 79 cents at $73.94.

Contributing to the market's weakness was a 5¾ point drop in Du Pont, the most actively traded stocks, after a delayed opening. Du Pont, which makes up a significant part of the Dow Jones average, plans to merge with Conoco, under which it will offer $87.50 a share in a transaction valued at about $7.8bn. Conoco gained $7 to $76¾.

Seagram, which has offered to acquired a 41 per cent interest in Conoco at $73 a share, slipped 1¼ to $54¾.

Columbia Pictures Industries lost ¼ to $35⅝. It agreed in principle to acquire Outlet, which declined 1⅜ to $38⅜.

THE AMERICAN SE Market Value Index shed 7.31 to 359.53 in light trading.

Adobe Oil and Gas declined $1 to $32¾. Last week, Amax said it accepted a bid from Francana Oil and Gas to acquire its 30 per cent stake in Adobe at $32 a share. Francana slipped ⅜ to $18⅞.

Volume leader Dome Petroleum was off ½ at $19⅞. Among other active issues, International Banknote lost ⅜ at $5⅜, Empire of Carolina gained 1⅞ at $7½ and Ransburg fell $2 at $28½.

Canada

Stocks were sharply lower at midsession, with the Composite Index down 23.8 at 2,307.9 on volume of 2,480.033 shares. Declines led advances by better than three to one, with 306 issues lower and only 95 showing gains.

All 14 main indices were lower, led by Golds, down 111.9 points at 3,599.6, and Oil and Gas, which fell 85.5 to 4,948.7.

Industrials were off 15.8 at 1,569.7.

Among most active issues, Falconbridge Nickel Mines rose ⅞ to C$100⅞. Macmillan Bloedel fell ½ to C$41, Canada Permanent Mortgage rose ¼ to C$30¼ and Dome Petroleum lost ⅜ to C$23⅝.

Montreal midsession prices were also lower.

Closing prices for North America were not available for this edition.

Tokyo

Prices edged fractionally lower in thin trading yesterday. The Nikkei Dow Index shed 0.23 to close at 7,927.36, the first decline in nine trading sessions.

Buying concentrated chiefly on market leaders which had not moved significantly in recent days. Matsushita added Y60 at Y1,670 and Fupji Film Y80 at Y1.920.

Oils were easier on reports that Saudi Arabia was offering to increase crude exports to Japan. Nippon Oil shed Y25 to Y917 and Teikoku Oil Y10 to Y654. Maruzen, whose earnings dropped sharply, also lost.

Office equipment makers did well, however. Ricoh was up Y5 at Y865, Sharp Y9 at Y900 and Konishiroku Y19 at Y839.

Hong Kong

Markets were closed because of an impending tropical storm.

Australia

Rising interest rates hit the share market with Industrials most sharply affected. The All Ordinaries Index moved dqwn from 701.7 to 696.3.

...BHP fell 20c to A;$14.80,3

BHP fell 20c to A$14.80, CSR eased 6c to A$6.02, CRA 5c to A$4.30. WMC 4c to A$5.40, Bougainville 3c to A$1.55. Woodside 5c to A$2.03 and Bank of NSW 5c to A$3.15. MIM was steady on A$4.30.

Golds issues rose as attention focussed on rising tensions in Poland and Central Norseman put on 20c to A$6.70, while GMK added 10c at A$6.20 and Poseidon and Emperor were steady at A$3.09 and A$1.65 respectively.

Myer slipped 9c to A$2.16 among Shares, after the withdrawal of several big buyers who took up 1.7 per cent of the capital on Friday. Discounter Norman Ross did best, rising 24c to A$5.50.

A similar pattern was seen in Melbourne, with Industrials tending easier and BHP down 5c at A$14.95.

Singapore

The market moved down a little on profit-taking after a firm opening, in moderate trading. The Straits Times Index was 4.7 down at 940.95, the fourth consecutive fall, and 32.31 lower than the record 973.26 achieved on June 26.

United Motor Works rose to S$8.75 from S$8.55, making a rise of 42 per cent since the heavy equipment distributor acquired a Fiat franchise in mid-June.

Among Mixed Industrials, Barstead dipped to S$8.55, S$0.30 down and Haw Par was unchanged at S$4.90.

Plantations and Banks showed little change. Among Properties, Selangor dropped S$0.40 to S$11.90.

Germany

Profit-taking wiped out early gains, leaving prices generally lower in lively trading. The Commerzbank Index retreated 2.6 points from the year's high recorded on Friday, to 746.4.

Daimler ended DM 1.70 lower at DM 359.30 after an early gain of DM 2, while VW shed DM 3.50 and BMW DM 1. Engineerings were mixed, with GHH rising DM 3.20 to DM 230, KHD falling DM 3 to DM 201 and Linde unchanged at DM 353.

AEG closed 50pf down at DM 44 after reaching DM 44.90, while BBC fell DM 2 to DM 282. In slightly higher banks, Dresdner and Deutsche both added 50pm and Commerzbank 40pf.

Bond prices were lower. The Bundesbank bought DM 13.2m of paper. Mark Eurobonds were steady.

Johannesburg

Gold shares closed easier but losses were small despite the sharply lower bullion price.

Heavyweight losses averaged 50 cents and mediums and lightweights shed 5-10 cents. However, Mining Financials were mixed where changed and in Diamonds, De Beers lost 3 cents at R8.55, ahead of CSO diamond sales figures due this week. Coppers had Messina down 33 cents at R6.82, while Platinums were mixed.

Industrials were steady to easier.

Milan

Shares closed sharply lower in fairly active trading, after Friday's National Bourse Commission move to re-allow end-Account settlement transactions.

Centrale fell to a closing L4,690 from an opening L6,200, while Bastogi lost L50 to close at L305. Other losses were recorded by Rinascente, Mondadori, both Pirellis, Fiat, ANIC, Montedison and Mediobanca. Bonds were narrowly mixed.

Paris

Prices were lower in quiet trading despite the reduction in the call money rate from 18⅞ per cent to 18⅝ per cent.

Sentiment was hesitant ahead of the speech to be made tomorrow by M Pierre Mauroy, the Prime Minister, on Government programmes. The news that Mexico had cut supplies to France suspended French participation in Mexican development projects also depressed trading.

Most sectors were down, with only Chemicals showing firmness, while Foods, Electricals and Constructions were mixed.

Foreign stocks tended firmer, except Gold Mines, which were weaker.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

Indices

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Short-term gloom for rubber

By Our Commodities Staff

PROSPECTS for the world rubber market remain gloomy in the short term but the outlook for 1982 is more promising, according to the issue of Rubber Trends, published by the Economist Intelligence Unit.

It notes that there are signs that a revival in rubber demand is slowly emerging, particularly in the U.S. where the latest indicators show that car tyre sales are up by about 5 per cent compared with the very low level of a few months ago.

Rubber consumption is forecast to be marginally up in 1981 on last year but 1982 could see a marked upswing in demand for tyres and total rubber consumption should rise by about 4 per cent.

Rubber Trends believes that on fundamental grounds natural rubber is undervalued by 15 to 20 per cent when measured against the price of synthetics. However, it adds that any increase in natural rubber prices may not take place for some time at least until consumption shows definite signs of a marked recovery.

EEC grants to 33 UK farm projects

By Our Commodities Staff

EEC GRANTS worth £3.89m have been awarded to 33 UK agricultural processing and marketing projects.

In the first tranche of 1981 awards for such projects the European farm fund (Feoga) has announced that £1.02m will go to seven British dairy projects: £972,350 to the meat sector (six projects); £505,262 to the fish sector (11 projects); £564,732 to the cereals sector (two projects); £417,343 to the fruit and vegetables sector (three projects); £207,550 to the eggs and poultry sector (two projects); and £199,147 to the potato sector (two projects).

The biggest single award is £356,526 for improvements at a vegetable processing plant at Eyemouth, Berwickshire, followed by £329,110 for construction of a cereals processing plant near Sherborne in Dorset.

Cocoa upsurge continues

BY RICHARD MOONEY

THE RECENT upsurge in cocoa prices was maintained yesterday as speculators continued to react to last week's news of the provisional application of the 1980 International Cocoa Agreement (ICCA) by most producers and a few consumers.

On the London futures market the September position climbed to £1,054 a tonne at one stage before easing near the close to end the day £50 up at £1,022.50 a tonne.

But some London dealers expressed increasing scepticism that the enthusiastic buying which has lifted the market more than £150 in the past week was really justified.

They pointed out that full operation of the ICCA still depended largely on the Ivory Coast, the world's biggest producer, which has so far refused to join. There was little reason for optimism on the prospects for either that country or the EEC, which continues to stand aside from the ICCA because of the Ivory Coast's attitude, deciding at the last minute to back the agreement, they added.

"If last week's initiative results in a full agreement prices will rise much higher," one dealer commented yesterday. "But if the pact collapses they could fall right back to where they started."

The preceding fall, which had taken nearby prices to their lowest levels for 5½ years, left the market technically oversold, which may have resulted in a somewhat exaggerated reaction to last week's ICCA decision, the first bullish news for cocoa for some considerable time. It is also possible that speculators, frustrated by the recent lack of investment opportunities in the cocoa market—always one of their favourites—may have been over-eager to jump on the bandwagon.

There is always a tendency for substantial rises to be self-perpetuating, as they result in chart patterns which encourage further buying. Chartist buying has been a prominent feature in this latest upsurge.

Dealers said yesterday's advance was also encouraged by the decline in sterling and that the late fall was largely a reflection of hedge selling against recent physical purchases.

The coffee market was also strong, with the September position breaking back through the £800 barrier, though only briefly. Spurred on by buying from a leading commission house, the price reached £806 a tonne before ending £25.50 up on the day at £796 a tonne.

Dealers said there was no significant roaster demand but that nervousness about the outcome of a meeting of the Brazilian Coffee Institute, which began yesterday, encouraged buyers.

Fall in Indian tea output

BY P. C. MAHANTI IN CALCUTTA

THE INDIAN Government is worried that tea production in the country till the end of May was 12m kilos below the previous year's output by the same date. The fall was shared both by the north and south

North India, with 70.58m kilos was 10.2m kilos below the previous year's figure, while South India with 81.65m kilos was 2.8m kilos short at the end of May.

Commerce Minister Pranab Mukherjee has expressed his Government's concern at the growing malaise among tea gardens because of sharply rising costs and falling auction prices. A cabinet subcommittee under the chairmanship of India's Finance Minister is studying the problem and a long-term policy will be formulated based on the sub-committee's findings.

PM praises British farming

FINANCIAL TIMES REPORTER

THE PRIME MINISTER yesterday held up British farming as an example to other industries.

Opening the Royal Show in Stoneleigh, Warwickshire, Mrs. Thatcher said agricultural production had increased 64 per cent in 20 years, "a performance that is twice as good as that of our manufacturing industries," while labour productivity had gone up 150 per cent, three times the general level.

She attributed this to farming's freedom from "strikes," restrictive practices and bad labour relations." The industry was noted for high investment, innovation and willingness to apply the latest technology, she added.

But there was no room for complacency. Farm production had still to be increased, new markets won and Common Market irregularities stamped out, Mrs. Thatcher said.

Britain was now exporting brussel sprouts to Brussels, bulbs to Holland, spaghetti to Italy and sausages to Germany, she said, but there were still many foreign food imports that could be replaced.

In the last 10 years food exports had grown from £250m to over £2bn a year, but exporting more British farm produce by improved marketing, was a challenge which had to be vigorously pursued, the Prime Minister said. The EEC was Britain's biggest customer, "but we are entitled to ask that Community trade is conducted on a basis of fair competition. If after that we cannot compete, then we shall have only ourselves to blame."

Mrs Thatcher also said national financing of agriculture by EEC countries should be more strictly controlled and added: "It makes no sense for such a large proportion of the EEC budget to be spent building up surpluses which can only be disposed of in costly or controversial ways."

● Home-produced supplies of most main foods accounted for bigger shares of the British market last year according to provisional figures published by the Ministry of Agriculture yesterday.

Home-grown wheat and flour took 78 per cent of the market in 1980 compared with 73 per cent in 1979 and an average of 46 per cent in 1969-71. Other rises were for meat and offal at 76 per cent (against 75 per cent and 70 per cent respectively); cheese at 67 per cent (63 and 47); and sugar at 48 per cent (46 and 31). Home-produced butter accounted for 45 per cent compared with 40 per cent and 13 per cent, but this was partly due to the continuing sharp decline in total consumption.

British growers supplied 92 per cent of the potatoes consumed, unchanged from 1979 but still below the 1969-71 average of 94 per cent.

British-caught fish continued to lose their market share declining to 67 per cent from 70 per cent in 1979 and 86 per cent in 1969-71. Imported eggs took about 3 per cent of the UK market up from 2 per cent the previous year.

Gold fall hits metal markets

By John Edwards, Commodities Editor

THE FURTHER fall in gold yesterday was a generally depressing influence on the London metal markets. Platinum and silver were worst affected. Free market platinum was cut by £7.75 to £208.20 a troy ounce, with the dollar equivalent declining to $395.50 compared with the South African producer price of $475.

The London bullion spot quotation for silver was marked down by 10.25p to 435.30p a troy ounce wiping out most of the gains on Thursday and Friday.

In early trading on the London Metal Exchange the decline in the value of sterling offset the fall in gold to some extent. But the later rally in the pound brought an easier trend.

Tin values held up, following rumours of suspected support buying by the buffer stock of the International Tin Council. Lead and zinc were also sustained by the force majeure declaration of shipments of concentrates by Tara Mines of Ireland as a result of a labour dispute.

LME warehouse stock figures brought few surprises. *The decline in lead holdings* continued with a fall of 1,950 tonnes cutting total stocks to 44,725 tonnes. Tin stocks declined too by 600 to 7,265 tonnes; copper by 75 to 119,200; and nickel by 162 to 2,412 tonnes. Aluminium stocks rose by 875 to 69,875 tonnes; zinc by 325 to 88,475; while LME silver holdings increased by 180,000 to 25,950,000 ounces.

Copper mine to meet output target

In Santiago, Chile's state-owned El Teniente copper mine aims to fulfil planned 1981 production of 277,000 tonnes copper in spite of the 59-day strike which ended last month, according to Gaston Frez, executive president of the copper corporation, Codelco, Reuter reports.

He said the mine was unable to process 50,000 tonnes of copper during the strike which ended on June 18, and cost an estimated $80m in lost revenue.

U S. FUTURES MARKET

Uncertain impact of tax straddle curbs

BY NANCY DUNNE IN WASHINGTON

WHILE legislation ending the use of straddles as tax shelters moves steadily through Congress, the Bill's potential effects are being hotly debated throughout the futures industry and on Capitol Hill.

Industry lobbyists claim the measure threatens the liquidity of the markets and say it would reduce the number of speculators. They hope to find a way to get exemptions for professional traders as they have for hedgers. Some mutter darkly that the "reform" is just a political ploy to give the tax cut bill, of which the straddling measure is a part, an appearance of even-handedness towards rich and poor alike.

Legislators say the measure would save the government a minimum of $1.3bn next year, which wealthy taxpayers would otherwise get in deductions. They say there is little chance that professional traders will be exempt from the measure "because we did not exempt dentists and doctors and other investors."

The Bill's opponents say it will cause dislocations in the markets because less players will be involved. Proponents say tax straddles themselves cause disruption, and they cite the case of treasury bill "straddlers" who demand delivery in December in order to get the tax deductions.

There is some fear here that the legislation will encourage speculators to switch to overseas markets. House Democrats even considered a provision which would inhibit tax deductions on foreign losses. The bill, as it now stands, gives the Secretary of the Treasury the power to prohibit deductions taken on straddles in foreign markets which he determines to be "marked to market."

The tax savings potential of commodity futures trading has long been recognised and utilised by the industry. However, only in the last 10-15 years has the use of commodity investments as tax shelters extended beyond the professionals to large numbers of taxpayers. The advantage of spread transactions is now touted by brokers and syndicates in commodity manuals and financial journals.

In 1977 the Internal Revenue Service first ruled against straddles by disallowing deductions for losses and expenses in a silver transaction. IRS resistance turned straddlers away from silver, but apparently they have turned to other futures markets especially Treasury Bills, in growing numbers. No one is quite sure how many tax straddlers exist—or what their loss would do to the market.

What is agreed is that the legislation would revolutionise the way commodities are taxed here. Currently, commodity gains are taxed as short-term capital gains which can run as high as 70 per cent. However, positions held for six months are taxed as long-term capital gains, with a 28 per cent maximum.

In a typical tax straddle, an investor enters into two offsetting transactions in a way that will produce a short-term capital loss in one tax year and a long-term gain the next year. Or, the gains can be "rolled forward" year after year with the creation of new straddles.

At present, profits on future contracts are credited daily to traders' accounts and losses are debited daily. Profits are not taxed until positions are sold out. Under the new system, however, all of a speculator's holdings would be "marked to market" — computed — on December 31, whether or not they have been realised.

The legislation, which emerged from the senate finance committee, offered the industry some compensating provisions. Farmers and manufacturers did receive exemptions. The Bill allows for a capital loss carryback of three years which would permit traders to apply current losses against past gains to get taxes returned.

Most significant, the measure would eliminiate the distinction between long-term and short-term gains in futures trading and sets a top maximum rate of 32 per cent, down from the previous 70 per cent maximum. Brokers say the new scheme would benefit small traders who may now enter the market in greater numbers. But they worry that investors may be tempted by the lower tax rate on long-term securities which remain at 20 per cent.

Passage of some form of tax straddle legislation is seen here as inevitable. With the interest in futures trading burgeoning as it has, it is unlikely that the measure will inflict any serious damage.

Self-regulating body opposed

BY NANCY DUNNE IN WASHINGTON

THE PROPOSED National Futures Association (NFA), an industry-wide self-regulatory body which would relieve the CFTC of many of its functions, now faces its first significant opposition in its current attempt to gain approval.

The anti-trust division of the Justice Department has filed comments before the CFTC urging that NFA application for registration be denied because, says Mr Ronald G. Carr, deputy assistant attorney general, the association "might well inhibit vigorous competition in the commodity futures trading industry."

In comments submitted to the commission, the Justice Department notes that while industry self-regulation may be preferable to direct governmental intervention, "a pervasive regulatory scheme already exists, and NFA's activities will add to rather than lessen regulation."

The NFA is designed to reduce duplicative regulation by the commission and the exchanges and to direct the commission's scant resources away from enforcement and towards such functions as reviewing proposed contracts and exchange rules

The Justice Department is also worried about the important influence of the exchanges, which would provide much of the association's funding.

However, the exchanges, says Mr John Rainbolt, counsel for the NFA, would have only two members (one from a large exchange, one from a small) on the seven member executive committee, overseeing day to day operations of the NFA.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES were generally easier in quiet trading on the London Metal Exchange reflecting the weakness of gold. Copper fell to £886 in early trading, owing to weak gold, but rallied to close at £890. Tin rose to £6,805 following rumours of purchases by the Buffer Stock Manager and the initial fall in the pound, but fell back to close at £6,737.5. Lead and Zinc closed at £380 and £445.5 respectively and were boosted in late trading by news of a force majeure declaration by Tara Mines. Aluminium came under renewed pressure and fell to £622.5, while Nickel closed at £3,240.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	867-.5	−1.25	863-4	−2
3 months	891.5-2	+1	887.5-8	−3
Settlem't	867.5	−1.5	—	......
Cathodes				
Cash	861.5	+1.5	856.5-7	−3.75
3 months	883.5-4	+2.25	878.5-9	−2.25
Settlem'	863	+2	—	......
U.S. Prod.			*83.5-7	......

Amalgamated Metal trading reported that in the morning cash wirebars traded at £867, three months £889, 88.5, 89, 90, 89.5, 90, 90.5, 90, 91, 91.5. Cathodes, three months £883.5. Kerb: Wirebars, three months £892, 91. Afternoon: Wirebars, three months £889, 89.5, 90.5, 89.5, 87.5, 88. Cathodes, three months £878.5. Kerb: Wirebars, three months £889, 88.5, 89. Turnover: 20,000 tonnes.

Tin—Morning: Standard, cash £6,705, 6,700, 6,690, three months £6,770, 80, 85, 90, 95, 6,800, 05, 6,800, 6,795, 80, 70. Kerb: Standard, three months £6,780, 70, 80. Afternoon: Standard, three months £6,760, 40, 35, 30, 40.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6690-700	+82.5	6645-55	+17.5
3 months	6745-50	+48	6745-50	+20
Settlem't	6700	+65	—	......
Standard				
Cash	6690-700	+82.5	6645-55	+17.5
3 months	6770-5	+40	6745-50	−20
Settlem't	6700	+65	—	......
Straits E.	$829.10	+8.10		......
New York	—	......		

Kerb: Standard, three months £6,740, 35, 40. Turnover: 795 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	381.5-3	+2.75	378-80	−1.5
3 months	382-.5	+2.25	379-.5	−1.5
Settlem't	383	+3		
U.S. Spot	—	......	*38	......

Lead—Morning: Three months £383, 83.5, 84, 83.5, 83, 82. Kerb: Three months £382. Afternoon: Three months £381.5, 80, 79.5, 79, 79.5. Kerb: Three months £380, 79.5, 80. Turnover: 5,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	445-5	+5.75	445.5-6.5	+2.5
3 months	446-.5	+4.5	446-.5	+2
S'ment	445.5	+5.5	—	......
Primw'ts	—	......	*46.5	......

Zinc—Morning: Cash £447, three months £446, 46.5, 47, 46, 46.5. Kerb: Three months £446, 45, 45.5. Afternoon: Three months £445, 46, 46.5, 45, 46, 46.5. Kerb: Three months £446, 45, 45.5, 45. Turnover: 8,200 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	605-6	−8.25	602-3	−9
3 months	624.5-5	−6	621.5-2	−10

Aluminium—Morning: Cash £604, 05, three months £624, 24.5, 24, 25. Kerb: Cash £605, three months £624.5, 25. Afternoon: Three months £624, 23, 21.5, 21, 21.5. Kerb: Three months £622, 23, 22.5, 22. Turnover: 4,650 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3245-5	+35	3220-30	−7.5
3 months	3255-60	+27.5	3240-5	−7.5

Nickel—Morning: Cash £3,245, three months £3,270, 60. Kerb: Three months £3,260. Afternoon: Three months £3,260, 50, 45. Kerb: Three months £3,245, 40. Turnover: 234 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 10.25p an ounce lower for spot delivery in the London bullion market yesterday at 435.3p. U.S. cent equivalents of the fixing levels were: spot 817.9c, down 24.2c; three-month 854.8c, down 24c; six-month 889.0c, down 25.6c; and 12-month 959.0c, down 22.5c. The metal opened at 437-441p (825-835c) and closed at 436-440p (825-835c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	435.30p	−10.25	437.0p	−10
3 months	448.00p	−10.2	449.75p	−10
6 months	462.30p	−10.0	—	......
12 months	494.70p	−7.65	—	......

LME—Turnover 85 (339) lots of 10,000 ozs. Morning: three months 446, 47, 50.5, 51, 52, 54, 58, 57. Kerb: three months 455, 54, 54.5, 55, 54, 53.8, 53.5. Afternoon: three months 451, 50, 49, 50. Kerb: three months 450.

COCOA

Futures rallied sharply on strong commission house and trade support. Producers, having sold modestly during the morning later withdrew while manufacturers showed no interest in the higher levels. *Profit-taking* later pared the gains, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	1000-10	+57.5	1040-978
Sept.	1022-25	+51.0	1054-963
Dec.	1054-55	+47.5	1091-03
March	1062-64	+37.5	1095-25
May	1064-65	+28.0	1088-56
July	1070-74	+25.5	1097-55
Sept.	1075-90	+23.0	1100-1098

Sales: 8,295 (6,737) lots of 10 tonnes.
ICCO Futures—Daily price for July 3: unquoted; five-day average unquoted. .I'43,..032 ehrd mfwy gkql gkqj jajasa

COFFEE

After initial losses Robustas advanced to recent higher levels, reports Drexel Burnham Lambert. The advance on short-covering was dampened by trade selling and dealer profit-taking but dealer buying sparked a further recovery towards the close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	765-70	+26.0	777-34
Sept	795-97	+25.5	806-58
Nov	791-94	+25.0	805-55
Jan	791-92	+22.5	795-60
March	787-91	+21.5	795-53
May	785-95	+26.5	785-75
July	788-95	+24.0	—

Sales: 4,287 (3,271) lots of 5 tonnes.
ICO Indicator prices for July 3 (U.S. cents per pound): Comp. Daily ICA 1976 unquoted; 20-day average unquoted.

COTTON

LIVERPOOL—No spot or shipment sales were recorded for the sixth trading day since mid-June. Buyers were generally cautious, quite apart from the usual holiday influences, and operations were on a static basis. Few transactions were under review and only scattered interest was shown in American-type qualities.

GAS OIL FUTURES

The market opened $1.00 lower on the near months and traded in a narrow range throughout the day. Volume was light, reflecting a quiet physical market, reports Premier Man.

Month	Yesterd'ys close	+ or —	Business Done
	$ U.S. per tonne		
July	289.00	−0.75	289.00-88.00
August	288.50	−0.75	289.00-87.50
September	290.00	−1.25	290.00-89.00
October	293.00	−1.50	293.00-95.00
November	298.25	−0.25	--
December	303.00	−1.00	—
January	306.50	—	—
February	309.50	−2.00	309.50-09.50
March	314.25	−2.25	—

Turnover: 193 (486) lots of 100 tonnes.

GRAINS

The market opened unchanged on wheat and barley. Old crop wheat rallied on aggressive short covering, but eased back to close unchanged on the day. New crops saw steady buying interest on wheat in fairly quiet trading while barley saw steady buying support, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday's close	+ or —
July	112.50	......	—	......
Sep	99.75	+0.35	95.60	+0.40
Nov	103.70	+0.40	99.50	+0.30
Jan	107.85	+0.65	103.55	+0.65
Mar	111.30	+0.55	106.00	+0.18
May	114.10	−0.55	110.20	+0.65

Business done—Wheat: July 113.50-112.50, Sept no trades, Nov 103.70-103.30, Jan 107.25 one trade. March 110.90-110.80, May 114.85 one trade. Sales: 110 lots of 100 tonnes. Barley: Sept 95.60-95.10. Nov 99.50-99.00, Jan 103.55-102.80, March no trades, May 110.20-109.80. Sales: 222 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark *Northern Spring No. 2*, 14 per cent: July/Aug. 112.50 transhipment East Coast. U.S. Hard Winter, 13½ per cent: July 117, Aug. 117.50 transhipment East Coast. English Feed, fob: Sept 104 quoted. Maize: South African Yellow: Aug/Sept 94.75. Barley: English Feed fob Aug 96.75 quoted. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 103.90. The UK Monetary Coefficient for the week beginning Monday July 13 (based on HGCA calculations using four days' exchange rates) is expected to increase to 0.899.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing dull. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 239.0 (241.0) cents a kg and SMR 20 217.5 (same).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	60.70-61.50	60.20-60.30	—
Sept	61.70-62.50	61.00-61.20	61.70
Oct-Dec	62.90-63.00	62.70-62.80	63.60-62.60
Jan-Mar	65.50-65.60	65.30-65.40	65.60-65.40
Apl-Jne	68.30-68.40	68.20-68.40	—
Jly-Sept	71.00-71.30	71.20-71.50	—
Oct-Dec	74.10-74.30	74.20-74.30	—
Jan-Mar	77.10-77.30	77.20-77.30	77.40
Apl-Jne	80.10-80.50	80.10-80.20	—

Sales: 128 (294) lots of 15 tonnes, 1 (3) at 5 tonnes. Physical closing prices (buyers) were : Spot 59.50p (same): Aug 67.00p (61.25p): Sept 62.00p (61.50p).

TEA AUCTION

LONDON TEA AUCTION—30,754 packages were offered in yesterday's auction. Africans showed little change except Dusts, which were again weak and shed 2p-4p where sold. Ceylons about steady but plainer BOPF's tended lower. *Quotations: Quality* 128p per kilo (127p): Medium 104p per kilo (104p): Plain 81p per kilo nominal (80p nominal).

SOYABEAN MEAL

The market opened 50p lower on light trade selling, reports T. G. Roddick. Improved weather conditions in both U.S. and USSR encouraged profit-taking and the market closed £1.50 down on day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	130.90-31.5	−1.15	131.60-31.00
October	135.60-35.9	−1.45	136.00-35.50
December	138.90-39.0	−1.55	140.00-38.80
February	141.30-42.5	−1.10	—
April	141.00-44.0	−2.50	—
June	141.00-43.0	−1.75	—
August	141.00-43.0	−2.50	—

Sales: 73 (33) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar ...207.00 (£205.00) a tonne cif July-Aug shipments. White sugar daily price £232.00 (same).

The market opened around pre-weekend levels but again currency considerations discouraged selling interest and prices moved upwards to close on the highs, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	207.00-07.25	205.60-05.75	207.60-04.80
Oct.	207.90-08.00	204.95-05.00	208.00-04.50
Jan.	207.90-08.00	204.85-05.50	206.75-05.00
March	210.50-10.50	208.35-08.75	210.50-09.00
May	212.00-13.00	211.50-11.80	212.75-11.25
Aug	213.50-14.00	212.75-14.50	214.00-13.00
Oct.	214.50-15.00	213.25-15.00	—

Sales: 3,380 (2,217) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £369.4 (£342.6) a tonne for home trade and £315.0 (£313.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for July 3: Daily price unquoted; 15-day average unquoted.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug 407, 408, nil; Oct 404, 409, nil; Dec 406, 409, 408-407; Jan 406, 410, 410-408; Mar 415, 417, 417-416; May 424, 427, 428-425; Aug 434, 439, 437-436; Oct 437, 440, 441-440; Dec 437, 440, 441-439; Jan 441, 443, 442. Sales: 56.

BRADFORD — Prices were again higher, although most of the increases were made at the end of last week. They result from adjustment to currency levels and strength at closing wool sales last week. In addition there was sufficient business to enable better prices to be obtained.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 505.0, 508.0, 506.0-505.0; Oct. 498.0, 499.0, 499.2-498.0; Dec. 506.0, 507.0, 507.4-506.0; March 514.5, 515.0, 515.0-514.5; May 523.0, 524.0, 524.0-523.0; July 529.0, 530.0, 530.0-528.5; Oct. 525.0, 528.0, 526.0-525.0; Dec. 528.5, 529.0, nil. Sales: 212.

POTATOES

LONDON POTATO FUTURES—With no beneficial rains over the weekend, the market gained further ground on continuing fears of light yield and profit-taking failed to cause much setback, reports Coley and Harper. Closing prices: Nov 74.00, +8.50, (high 74.00, low 68.50): Feb 84.20, +6.40, (high 86.00, low 79.50); April 94.30, +6.80, (high 95.00, low 88.10). Turnover: 549 (318) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 74.8 to 78.0; Ulster hindquarters 84.0 to 87.6; forequarters 57.0 to 59.0; Eire hindquarters 84.0 to 86.6, forequarters 56.7 to 58.5. Veal: Dutch hinds and ends 125.5 to 130.5. Lamb: English Small 66.5 to 70.7, Medium 62.6 to 68.0, Heavy 59.0 to 65.5; Imported Frozen: New Zealand PL 63.0 to 64.5, PM 61.0 to 62.0. Pork: English, under 100 lb 43.8 to 52.5, 100-120 lb 45.8 to 51.5, 120-160 lb 43.8 to 50.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 6. GB—Cattle 91.34p per kg lw (−1.12). UK—Sheep 150.67p per kg est dcw (−4.35). GB—Pigs 76.09p per kg lw (−0.45).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Navels 48 5.00, 56 5.80, 72 5.75, 88 5.15, 112 4.85, 138 4.85, 150 4.40; Californian: 88/138 5.00-5.50; Moroccan: Lates 48/113 3.80-4.00; Cyprus: Valencia Lates 48/96 5.00. Lemons — Spania: trays 25/50 2.40-2.60; Californian: 95/145 4.50-6.00; Outspan: 80/195 4.00-6.50; Jaffa: cartons 60/90 3.00-4.00. Grapefruit—Outspan: 40 4.45, 48 4.35, 56 4.00, 64 3.60, 72 3.40; Jaffa: 20-kilos 40 3.60-4.25. Apples—S. African: Granny Smith 5.50-6.30, Golden Delicious 5.80-6.20; Chilean: Granny Smith 4.00, Starking 5.00: Italian: Starking 3.60; New Zealand: Granny Smith 6.00-6.50, Sturmur Pippin 6.00, Golden Delicious 4.50-5.00. Red Delicious 8.00, Delicious 7.00; Tasmanian: Granny Smith 5.00-5.50, Sturmer Pippin 5.00-5.80, Democrat 7.00, Crofton 7.50-8.00; U.S.: Red Delicious 10.00-11.00; French: Golden Delicious 40-lbs 125/175 3.50-4.50. Pears—S. African: Comice 7.00-7.50; Victorian: Winter Nelis 5.00-6.00, Packham's 5.00-5.50, Josephine 6.50-6.50; per pound Spanish: Morettini 0.10. Nectarines — Spanish: 37/45 3.00-5.00. Plums—Spanish: Roses 3/8 2.00-3.50, Gaviota 3/8 2.50-3.50, Burbank 2.50-3.60. Apricots—Spanish: 11-lbs 2.80-3.20. Cherries—U.S.: 18-lbs, per pound 0.90-1.00; Italian: 0.60-0.65; Greek: 0.70; Turkish: 0.60-0.80. Grapes — Chilean: Almeria 3.00, Red Emperor 20-lbs 4.00-4.50; Israeli: Queen of the Vineyard 3.50, Perlette 9-lbs 3.80-4.00, Cardinal 4.00-4.50; Cyprus: Cardinal 11-lbs 5.00, Sultana 6.60. Watermelons—Spanish: 3.00-4.50. Peaches—Italian: Standard trays B/D 1.00-2.80, large trays A/D 1.60-3.80; Greek: 1.80-2.60; French: 1.60-1.80. Pineapples — Ivory Coast: each 0.40-0.90; S. African: Shelford 5/9 2.25-3.00.

English Produce: Potatoes—Per 55-lb bag, Kent 3.00, Pembroke 3.00, Essex 3.00-3.20, Lincoln 3.20-3.30. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramley 0.08-0.15. Cauliflowers—Per 12 Lincoln 2.50-3.50. Cabbages—Per bag spring 22-lbs 2.00-2.50, Primo 20-lbs 2.50-4.00. Lettuce—Per 12 round 1.00-1.50, Cos 10/12 1.80-2.40. Tomatoes—Per 12-lbs 2.80-3.00, E 2.40-2.80. Radishes—Per pack of 12 x 8 ozs 1.50, bundles of 16 1.50. Onions—Per tray x 20 bunches spring 2.00, 55-lbs 40/60 mm 3.50-4.50. Celery—Per 15/24 3.50-4.00. Cucumbers—Per 10/20 1.80-2.00. Gooseberries—Per pound (12-lbs) 0.18-0.20, Levellers 0.30-0.40. Broad Beans—Per 24-lbs 1.80-1.90. Peas—Per 20-lb net 1.0-2.50, 40-lbs 2.50-5.00. Carrots—Per 26/28-lbs 3.00-3.50. Strawberries—Per ½-lb 0.20-0.40. Raspberries—Per ½-lb 0.15-0.25.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5-£6.00, codlings £1.80-£3.50. Large haddock £4.40-£5.00, medium £3.-£4.20, small £2.20-£3.00, medium plaice £5.00-£5.80, best small £3.80-£4.50. Skinned dogfish (large) £5.00-£5.70, (medium) £3.50-£4.50. Lemon soles (large) £8.00, (medium) £7.50. Rockfish £1.80. Saithe £1.70-£2.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 6 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1135/1155	−15	$1245/275
Copper			
Cash w'bar	£853.5	−2	£867.00
3 mths	£887.75	−3	£892.25
Cash Cathode	£855.75	−3.75	£861
3 mths	£878.75	−2.25	£881.5
Gold troy oz	$404	−19	$472.5
Lead Cash	£379	−2.5	£357
3 mths	£379.25	−1.5	£365.75
Nickel	£3,850.58	+162.5	£3,504.50
Freemkt	275/295c	......	285/300c
Platin'mtr'y oz	£247.0	......	£247
Freemkt	£228.20	−7.75	£232.15
Quicksilver†	$425/430	+5	$450/455
Silver troy oz	435.30p	−10.25	522.70p
3 mths	448.00p	−10.2	538.70p
Tin Cash	£6,650	+17.5	£6,680
3 mths	£6,747.5	+20	£6,809.5
Tungsten22.04lb	$143.64	−1.45	$143.75
Wolfrm 22.04 lbs	$148/152	+1.5	$144/148
Zinc Cash	£446	+2.5	£409.5
3 mths	£442.25	+2	£412.5
Producers	$925	......	$925
Oils			
Coconut (Phil)	$557.5w	+7.5	$580w
Groundnut	‡	......	‡
Linseed Crude	£500z	−2.5	£442
Palm Malayan	‡		$595
Seeds			
Copra Philip	$350w	......	$390
Soyabean (U.S.)	$291	......	$296.5
Grains			
Barley Fut.Sep	£95.60	+0.4	£95.15
Maize	‡		‡
WheatFut.Sept	£99.75	+0.35	£101.00
No2 HardWint	£117	+0.5	£114.00
Other commodities			
Cocoa ship't *	£1080	+52	£916
Future Sept	£1083.5	+51	£854.5
CoffeeF't Sept	£796	+25.5	£889.5
Cotton A.Index	86.10c	−0.55	87.05c
Gas oil Aug	$288.50	−0.75	$268
Rubber (kilo)	59.50p	......	60p
Sugar (Raw)	£207w	+2	£216
Woolt'ps 64s kl.	578p kilo	+4	552p kilo

‡ Unquoted. v June-July. w-July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 6.

STRONG DOLLAR and high interest rates again put precious metals and copper under severe pressure. Continued commission house short covering and manufacturer buying rallied the cocoa market. Coffe was stronger on reports of light damage to crops and on short covering. New-crop cotton advanced in a major move on adverse weather projections. Grains and soyabeans rallied limit or near limit-up on massive short covering and technical buying, reported by Heinold.

Copper—July 74.25-74.35 (74.45). Aug 75.30 (75.60), Sept 76.45-76.60, Dec 79.90-80.00, Jan 81.10, March 83.40, May 85.50, July 87.60, Sept 89.70, Dec 92.80, Jan 93.85, March 95.95, May 98.05.

*Gold—July 402.0 (412.1). Aug 403.0-405.0 (416.5). Sept 408.8, Oct 414.6, Dec 42.5-425.0, Feb 434.0-434.5, April 444.2, June 452.5, Aug 464.0, Oct 474.9, Dec 485.5, Feb 495.4, April 507.3.

*Platinum—July 396.7 (398.3). Aug nil (nil), Sept nil, Oct 401.5-402.5, Jan 417.6, April 433.6, July 449.6, Oct 465.6.

Potatoes (round whites)—Nov 70.3 (69.2), Feb 76.5-77.0 (75.6). March 79.7-80.5, April 90.5. Sales: 389.

¶Silver—July 827.0 (840.0), Aug 836.0 (850.0). Sept 845.0-850.0, Dec 883.0-887.0, Jan 895.8, March 911.0-918.0, May 941.2, July 963.9, Sept 986.6, Dec 1021.2, Jan 1032.5, March 1055.2, May 1078.0. Handy and Harman bullion spot 830.00 (842.00).

Sugar—No. 11: Sept 15.91-15.95 (15.67), Oct 16.15-16.20 (15.81). Jan 16.35-16.45, March 16.51-16.56, May 16.80, July 17.05, Sept 17.20-17.25, Oct 17.35. Sales: 6,375.

Tin—575.00-585.00 (571.00-579.00).

CHICAGO, July 6.

Lard—Chicago loose 20.25 (—).

Live Cattle—Aug 66.30 (65.67), Oct 63.27-63.22 (62.35), Dec 64.20-64.10, Feb 65.25, April 66.35, June 67.55.

Live Hogs—July 53.90-54.00 (53.47), Aug 53.45-53.60 (52.42), Oct 51.25-51.35, Dec 53.40, Feb 54.60-54.85, April 53.97, June 55.90, July 56.10, Aug 55.50.

‡‡Maize—July 344¾ (334¼), Sept 355½ (345½), Dec nil, March 377½, May 385¼, July 390¾.

Pork Bellies—July 48.12 (46.12); Aug 48.85 (46.85), Feb 66.40, March 66.57-66.57, May 67.40, July 68.65, Aug 68.30.

†Soyabeans—July 727-731 (701½), Aug 738-736 (712). Sept 745-747, Nov 766-768½, Jan 784, March 808, May 824½, July 840½.

||Soyabean Meal—July 212.5-213.5 (203.4), Aug 214.5-213.5 (204.6), Sept 218.0-217.2, Oct 218.0-219.2, Dec 224.0-225.0, Jan 228.0, March 236.0, May 239.0, July 242.2, Aug 242.3.

Soyabean Oil—July 22.48-22.55 (21.76), Aug 22.80-22.85 (22.07), Sept 23.10-23.30, Oct 23.85-23.60, Dec 24.45-24.40, Jan 24.75-24.80, March 25.40-25.45, May 25.50, July 26.00-26.10, Aug 26.00-26.10.

†Wheat—July 391½-391 (380½), Sept 411-409 (398½), Dec 439½-439½, March 462-461, May 475, July 483½.

WINNIPEG, July 6.

§Barley—July 138.00 (137.60), Oct 134.60 (132.60), Dec 134.40, March 135.00, May 136.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, July 6.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent July 202, Aug 206, Sept 208. U.S. No Two Red Winter July 149, Aug 153. U.S. No Two Northern Spring 14 per cent July 194, Aug 194.50, Sept 197.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat July 154, Aug 154.50, Sept 156.50, Oct/Nov 159, Dec 163, Oct/Dec 160.50, Jan/Mar 169.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports July 285.80, Aug 284.50, Sept 286.25, Oct 290.75, Nov 291.50, Dec 287.50, Jan. 303.50, Feb 308.25, Mar 312.40, April 318.50, May 320.50. Argentine afloat July 278.50, Aug 280.50 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 245, July 244, Aug 247, Sept 249, Oct 251, Nov/Mar 263.50. Brazil Pellets afloat July 243, Aug 251, Sept 257, Oct 254.50, Nov/Mar 280.

PARIS, July 6.

Cocoa—(FFr per 100 kilos): July 1085 bid, Sept 1145/1147, Dec 1170/1197, Mar 1195 bid, May 1225 bid, July 1236 bid, Sept 1249 bid. Sales at call: 1.

Sugar—(FFr per tonne): Aug 2515/2520, Oct 2385/2390, Nov 2380/2395, Dec 2347/2353, Mar 2414/2415, May 2440/2465, July 2450/2500, Aug 2450/2520. Sales at call: 15.

INDICES

FINANCIAL TIMES

July 6	July 2	Month ago	Year ago
250.22	250.11	251.39	272.46

(Base: July 1, 1952=100).

MOODY'S

July 2	July 1	Month ago	Year ago
1058.6	1057.4	1081.1	1198.3

(December 31, 1931=100)

DOW JONES

Dow Jones	July 2	July 1	Month ago	Year ago
Spot	372.00	372.26	388.70	425.12
Fut'r s	374.31	373.35	385.90	442.74

(Average 1924-25-26=100)

REUTERS

July 6	July 3	M'nth ago	Year ago
1777.6	1771.1	1762.7	1685.9

(Base: September 18, 1931=100)

COMPANY NOTICES

BEECHAM GROUP LIMITED
ANNUAL REPORT 1981

NOTICE IS HEREBY GIVEN that the Annual Report for the year ended 31st March, 1981, was posted to shareholders and loan stock holders on 6th July, 1981. The Annual General Meeting is to be held at 12 noon on 31st July, 1981 at the Hotel Inter-Continental, Hamilton Place, London, W1.

By Order of the Board,
L. M. F. BALFOUR,
Secretary.

LEGAL NOTICES

GOLDING COLLINS LIMITED

The formal Notice which appeared in the Financial Times of the 1st of July, 1981 under the Legal Notice section, concerned the voluntary liquidation of certain of our dormant subsidiary broking companies which have not traded for a number of years and for which we have no on-going use.

Their Assets and Liabilities were assumed by Golding Collins Limited, our Lloyd's Broking subsidiary company, in October, 1979 and our broking business has been conducted through the various divisions of Golding Collins Ltd. since that date.

We apologise for any concern this Notice may have caused our clients.

For ARBUTHNOT INSURANCE SERVICES LTD.
H. W. G. STAMPER,
Financial Director.

LONDON STOCK EXCHANGE

Authorities move on short-term interest rates puts Gilt-edged index down to 16-month low—Equities follow

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

The authorities' move late yesterday to push up short-term interest rates into line with the higher level of forward rates dictated by money markets set the seal on a thoroughly depressing session for Government securities. This area of London stock markets began with quotations at the lower levels reached late on Friday following confirmation of the second £1bn issue of index-linked stock, and soon encountered fresh selling.

Worries about U.S. interest rates together with the continuing weakness of sterling inhibited investment buying of long Gilts yielding in excess of 15 per cent, and a progressive slide ensued. The announcement of last month's wholesale prices indices, deemed satisfactory, halted the downturn for a while, but it gathered impetus from subsequent news that Discount Houses had been compelled to borrow at rates above MLR for seven days.

Down as much as 1¾ points in the afternoon, longer maturities rallied a shade towards the close to end 1½ points lower in places. A similar trend in the shorts left the tap, Treasury 11½ per cent 1985, 1¼ points easier at 92. Measuring the overall weakness, the FT Government Securities index fell 0.84 to a 16-month low of 64.67.

Leading shares were affected by the weakness in Gilts and by economic uncertainties. Reports that the Government might impose production cuts in some North Sea oilfields additionally influenced Oils, and British Petroleum in particular; the FTA oil share index fell 4.2 per cent to 678.81, its lowest since January 1980. CRA's morning raid on Chloride, during which it acquired 14.9 per cent of the latter, gave a drab day some colour, but the FT Industrial Ordinary share index closed 7.2 down at the session's lowest of 540.8. Tube Investments were especially sensitive among the constituents following a Press suggestion that the group might omit its interim dividend when it reports next month.

Quieter conditions prevailed in Traded options with 1,028 deals arranged compared with last week's daily average of 1,426. A useful demand developed for Racal positions where 87 calls and 162 puts were arranged, while BP recorded 71 calls and 132 puts.

Banks idle

The major clearing banks passed an uneventful session and closed little changed with the exception of Lloyds, which eased 5 to 395p after recent firmness on U.S. bid hopes. Among Merchant Banks, Mercury, a couple of pence easier awaiting the annual results, shed 2 more to 288p following the announcement.

The Insurance sector, the subject of widespread speculative activity recently on persisting talk of a "dawn raid" on Commercial Union, closed easier for choice after a mid-session rally from marginally lower levels had petered out. CU were finally 4 cheaper at 173p and Sun Alliance 7 off at 922p, while Royals finished 4 lower at 388p.

Worries over the possible escalation of the current price war prompted a further mark-down among Breweries where the leaders closed with falls to 5. Greenall Whitley shed that much to 147p, while Whitbread, 165p, and Bass, 226p, gave up 4 and 3 respectively. Elsewhere, buying in a thin market aided by Press-inspired recovery hopes lifted Luis Gordon 4 to 40p, but H. P. Bulmer, annual results tomorrow, eased 3 to 217p.

Quiet conditions prevailed in Buildings, but Ibstock Johnsen put on 5 to 79p on a Press suggestion that Redland, unchanged at 172p, may launch a bid for the company. Among Timber issues, James Latham eased a couple of pence to 125p and May and Hassel a penny to 76p; both yesterday reported annual losses and reduced dividends. Montague L. Meyer, preliminary results on Thursday, shed a penny to 70p. Elsewhere, Aberdeen Construction firmed 4 to 200p while occasional support lifted Feb International 3 to 70p.

ICI gave up 4 to 276p; the second-quarter figures are due at the end of the month. Among other Chemicals, British Benzol added 2 to 21p; the investment trusts and other clients managed by Throgmorton Investment Management have disposed of their 27.1 per cent stake in the company, the shares having been purchased by clients of the English Association Trust and Fiske and Co. Stewart Plastics improved 3 afresh to 155p in a thin market as bid rumours persisted.

Allebone wanted

Demand for Stores remained negligible and the leaders drifted gently lower for choice. W. H. Smith stood out with a fall of 6 at 156p, while GUS A eased 4 to 438p. Secondary counters were again mixed. Sumrie Clothes, dull of late following news that Mr Harvey Ross has reduced his holding in the company, rallied to 57p before settling for a net gain of 2 at 54p. A "buy" recommendation lifted Allebone 3 to 30p, while Sonic Sound, figures expected on Thursday, firmed 6 to 110p. In contrast, profit-taking clipped 12 from Polly Peck, 353p, and 5 from Cornell Dresses, 170p, while Court Bros. A eased 5 to 85p for a similar reason.

Leading Electricals succumbed to early selling with GEC, up 28 last week, helped by excellent results, closing only a shade above the worst at 745p, down 15, after 742p. Awaiting today's preliminary statement, Thorn EMI gave up 6 to 390p. Plessey, however, closed only 3 cheaper at 332p, after 329p. Elsewhere, Chloride improved 3 to 30p in response to the announcement that CRA had acquired a 14.9 per cent stake in the company, while favourable weekend Press mention left Berec 4 dearer at 61p. Kode, in contrast, gave up 8 to 317p and G. H. Scholes shed 5 to 180p. Dealings restarted in Webber Electrical—now dealt in under unlisted securities—at 115p compared with the suspension price of 110p.

Weekend Press comment suggesting that the interim dividend may be passed prompted selling of Tubes which fell 12 to 138p. Other leading Engineers trended lower but losses were limited to a few pence. Elsewhere, news of the proposed closure of its Gloucestershire foundry left Babcock International 2 cheaper at 121p. Smaller-priced issues to give ground included Birmid Qualcast, 2 lower at 21p, and Brockhouse, 3 off at 25p.

Leading Foods trended easier, where changed. Associated Dairies shed 6 to 194p following adverse Press comment about the company's furniture business, while Associated Biscuit, 78p, and United Biscuits, 124p, lost 3 apiece. Cadbury Schweppes softened a penny to 87p and Rowntree Mackintosh a couple of pence to 170p. Elsewhere, George Bassett, up 6 on Friday on the return to profitability, relinquished 4 to 66p, but Barker and Dobson, up 1½ at 8½p, reflected the chairman's annual statement.

The Chancellor's proposed increase in betting levy continued to weigh on Ladbroke which shed 7 more to 154p, and Grand Metropolitan, another 3 cheaper at 211p.

Metal box fall

Selected miscellaneous industrial leaders encountered selling. Metal Box were prominent with a fall of 8 to 170p along with Reed International, 7 lower at 245p. Bowater recovered most of an early reaction, ending 3 down at 270p, after 265p, following the announcement from Bowater North America of the exploration agreement with Sonat Exploration Company. Against the trend, BOC International firmed 3 to 136p helped by favourable weekend Press mention. Elsewhere, R. W. Toothill responded to the recovery in annual profits with a rise of 8 to 58p, while Lesney, up a penny at 23p, reflected the encouraging tenor of the chairman's annual statement. Other bright spots included Diploma, 10 dearer at 208p, and Friedland Doggart, 4 higher at 95p. Initial Services, in contrast, reacted 5 to 214p, while revived offerings left Polymark 5 lower at 95p.

Associated Leisure closed 2 dearer at 118p, after 119p, the increased dividend outweighing the lower annual profits. Holiday concern Intasun attracted occasional support in front of today's preliminary results and improved a penny to 76p.

Movements among Motor Components were usually against holders. Dowty came on offer at 284p, down 9: the preliminary results are expected later this month. Flight Refuelling, a firm market recently on optimism about the company's aerospace interests, encountered profit-taking and closed 5 lower at 370p. Dunlop eased 3 to 81p while Lucas shed a couple of pence to 204p.

Newspapers were quiet and barely altered with the notable exception of Daily Mail A which declined 10 to 428p; the interim results are expected next week. Elsewhere, renewed support lifted Saatchi and Saatchi 8 more to 338p.

Already a few pence lower on the possibility of higher interest rates, recently firm Properties took a distinct turn for the worse in late dealings and closed on a dull note. Profit-taking lowered Land Securities 11 to 403p and MEPC 7 to 240p, while Berkeley Hambro, a good market on Friday, relinquished 10 to 276p. Great Portland Estates, 248p, and Haslemere Estates, 408p, shed 8 apiece, while Town and City, up 2¾ on Friday on the reduced loss and optimistic statement, reacted 1½ to 28½. Other notable falls included British Land, 5 off at 91p, and Hammerson A, 15 lower at 645p.

B.P. new weak

Unsettled by reports that the Government is likely to impose a cutback in North Sea oil output next year, Oil shares became extremely sensitive to heavy selling of BP new shares. Widespread and sometimes substantial losses were recorded throughout the list. BP new nil-paid weakened 11 to 25p premium and the HMG shares 10 to 10p premium. Shell fell 14 to 346p, while Burmah closed 7 lower at 127p. Awaiting today's preliminary statement, IC Gas fell 8 to 175p. Sovereign, 335p, and Tricentrol, 250p, reacted 25 and 10 respectively.

Bid speculation, fuelled by Press comment, helped James Finlay to a gain of 6 at 140p. In contrast among Overseas Traders, Inchcape reacted to an adverse mention by shedding 10 to 415p; the latter's annual results are due July 23.

Financials were featured by Mercantile House which became a volatile market following the increased annual profits and dividend, 100 per cent scrip issue and surprise £9.6m rights call; up to 873p immediately following the announcement, the shares subsequently touched 828p before settling for a net fall of 17 at 838p.

The four-day rally in South African Golds came to a halt as the bullion price came under renewed pressure to touch $401 an ounce before closing at $404—a net decline of $10 and its lowest closing level since November 27, 1979.

The sharemarket was generally quiet and nervous with persistent light selling being partly met by cheap buying. The selling outweighed the buying interest, however, and the Gold Mines index gave up 4.2 to 286.6.

In the heavyweights, losses of ¾ were common to Randfontein, £21¼, Hartebeest, £23¾, and Western Holdings, £24⅛, while Western Deep fell ½ to £18.

FINANCIAL TIMES STOCK INDICES

	July 6	July 3	July 2	July 1	June 30	June 29	A year ago
Government Secs.	64.67	65.51	65.51	65.51	65.64	66.16	70.34
Fixed interest	67.04	67.36	67.46	67.56	67.77	67.75	71.45
Industrial Ord.	540.8	548.0	545.9	548.7	544.6	543.9	495.0
Gold Mines	286.5	290.8	279.8	274.8	266.7	262.6	364.1
Ord. Div. Yield	5.91	5.83	5.82	5.81	5.85	5.87	7.34
Earnings, Yld. %(full)	11.87	11.71	11.61	11.59	11.67	11.70	17.84
P/E Ratio (net) (*)	10.50	10.64	10.75	10.77	10.69	10.67	6.79
Total bargains	19,521	17,778	17,665	19,546	18,839	20,163	27,696
Equity turnover £m.	—	105.67	111.14	104.43	115.46	115.38	145.90
Equity bargains	—	14,820	156.54	16,029	17,652	17,115	20,295

10 am 545.8. 11 am 542.5. Noon 542.4. 1 pm 541.7. 2 pm 541.7. 3 pm 541.7.

Latest Index 01-246 8026.

*Nil=9.72.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	64.67 (6/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5)	67.04 (6/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 3	July 2
—Daily Gilt Edged Bargains	143.5	143.3
Equities Bargains	96.0	101.4
Value	213.6	224.6
5-day Avrge. Gilt Edged Bargains	146.6	146.1
Equities Bargains	105.3	111.1
Value	223.2	239.0

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (54)

BRITISH FUNDS (1)
COMMONWLTH. & AFRICAN LOANS (1)
FOREIGN BONDS (1)
CANADIANS (4)
BANKS (2)
BUILDINGS (3)
CHEMICALS (2)
ELECTRICALS (2)
ENGINEERING (4)
FOODS (5)
INDUSTRIALS (6)
INSURANCE (3)
MOTORS (1)
PAPER (1)
PROPERTY (3)
SOUTH AFRICANS (1)
TEXTILES (2)
TRUSTS (6)
OIL & GAS (1)
OVERSEAS TRADERS (1)
MINES (4)

NEW LOWS (43)

BRITISH FUNDS (20)
Exch. 13¼pc '87 — Exch. 12pc '99-'02
Treas. 7¾pc '85-8'8 — Treas. 13¼pc 2000-'03
Treas 12¼pc '92 — Treas. 11¾pc '03-'07
Treas. 12pc '95 — Treas. 13½pc '04-'08
Gas 3pc '90-'95 — Treas. 7¾pc '12-'15
Exch. 10¼pc '95 — Consols 4pc
Treas. 14pc '96 — Conv. 3½pc '61 aft.
Red. 3pc '86-'96 — Consols 2½pc
Treas. 13¼pc '97 — Treas. 2½pc
Treas. 9½pc '99
Treas. 13pc 2000
CORPORATION LOANS (2)
Herts 6¼pc '85-'87 — Leeds 13½pc 2006

STORES (1)
Empire Stores
ELECTRICALS (2)
Scholes (G. H.) — Thorpe (F. W.)
ENGINEERING (8)
Barton & Sons — Jones & Shipman
Blackwood Hodge — Locker (T) A
Brit. Aluminium — Meggitt
Brooke Tool — Tube Invs.
INSURANCE (1)
Ennia U.K. 9pc Conv.
MOTORS (2)
Brown Bros. — Caffyns
PROPERTY (1)
Espley-Tyas
OILS (3)
Aran Energy — Burmah
BP
MINES (2)
Silvermines — Westmex

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	90	3
Corpns. Dom. and Foreign Bonds	5	28	38
Industrials	147	336	885
Financial and Props.	61	138	298
Oils	16	39	38
Plantations	1	4	18
Mines	29	71	67
Others	24	27	138
Totals	284	733	1,481

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	No. of price changes	Friday's closing price pence	Day's change
Euro. Fer. New	17	87	+8
GEC	16	760	+17
Glaxo	14	388	+18
Commcl. Union	13	177	+7
Barclays Bank	12	440	+2
BP 'New'	12	36pm	−6
Nat. West. Bk.	12	400	+5
Eagle Star	11	326	+9
Hambro Life	11	404	+10
Shell Transport	11	360	−4
ICI	10	280	+2
KCA Drilling	10	78	−3
Town and City	10	30	+2½
GUS 'A'	9	442	+2

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	Closing price pence	Day's change
Allebone	30	+3
Bowater	270	−3
BP New nil paid	25pm	−11
Dowty	284	−9
GEC	745	−15
MEPC	240	−7
Mercantile House	838	−17
Plessey	332	−3
Racal	417	−3
Smiths Industries	380	−6
Town and City	28½	−1½
Yorklyde	220	+20

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16

For rate indications see end of Share Information Service

Calls were arranged in ICI, Boots, FNFC, Western Selection, Sterling Credit A, Courtaulds, Henry Ansbacher, Pan Pacific Petroleum, Guardian Royal Exchange, Hawker Siddeley, Thomas Borthwick, Letraset, Royal Bank of Scotland, Eagle Star, Ibstock Johnsen, J. W. Wassell, Joseph Webb, Vickers, Tubes, Booker McConnell, Royal Insurance, Tootal and Grindlays. No puts or doubles were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Mon., July 6, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. July 3 Index No.	Thurs. July 2 Index No.	Wed. July 1 Index No.	Tues. June 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	356.10	−0.9	10.46	4.40	11.79	359.31	357.45	357.26	353.98	268.11
2	Building Materials (25)	309.35	+0.1	13.15	5.62	9.24	309.02	307.46	306.07	304.02	255.66
3	Contracting, Construction (28)	560.75	−0.5	16.93	5.05	6.87	563.85	564.08	562.95	558.05	387.28
4	Electricals (29)	1161.67	−1.2	7.91	2.36	15.45	1175.46	1162.66	1163.79	1148.00	750.12
5	Engineering Contractors (11)	503.73	−0.4	11.83	5.36	10.18	505.95	503.52	496.02	491.10	312.83
6	Mechanical Engineering (69)	212.73	−1.2	12.82	5.61	9.77	215.41	215.89	216.64	215.41	176.86
8	Metals and Metal Forming (13)	151.90	−0.4	10.76	7.82	12.28	152.45	153.81	154.72	154.09	169.56
9	Motors (21)	102.18	−1.7	3.68	6.83	122.24	103.94	103.33	102.84	103.06	102.06
10	Other Industrial Materials (18)	384.34	−0.9	9.54	5.20	12.60	387.81	385.24	383.58	380.47	0.00
21	CONSUMER GROUP (195)	281.65	−1.0	12.66	5.67	9.64	284.46	284.19	285.44	284.00	240.09
22	Brewers and Distillers (20)	310.96	−1.6	14.74	6.19	8.07	316.09	321.06	323.20	323.50	305.64
25	Food Manufacturing (21)	263.83	−0.8	14.81	6.28	8.12	265.99	264.27	264.11	263.05	216.50
26	Food Retailing (14)	540.63	−0.8	9.15	3.28	13.02	545.13	539.68	542.94	535.83	337.47
27	Health and Household Products (7)	344.26	−0.7	8.04	4.25	14.81	346.59	341.54	341.05	338.26	241.07
29	Leisure (22)	425.16	−1.2	11.71	4.97	10.37	430.52	431.52	436.83	437.78	349.80
32	Newspapers, Publishing (12)	498.73	−0.7	12.48	6.00	11.40	502.50	507.38	504.68	507.42	453.98
33	Packaging and Paper (13)	147.04	−1.8	14.28	7.25	8.32	149.74	149.80	149.63	148.31	136.46
34	Stores (44)	257.22	−0.7	11.16	5.14	11.75	259.11	258.75	261.08	258.61	227.73
35	Textiles (23)	161.34	−1.4	7.74	5.68	18.25	163.63	162.39	162.61	162.14	140.47
36	Tobaccos (3)	266.68	−0.6	21.68	9.31	5.29	268.26	267.96	267.10	266.32	238.18
39	Other Consumer (16)	301.84	+0.2	6.09	6.30	28.15	301.33	303.34	305.03	304.08	0.00
41	OTHER GROUPS (79)	228.80	−0.6	13.07	6.61	9.32	230.25	228.90	228.71	228.69	228.85
42	Chemicals (15)	283.71	−0.6	11.46	7.32	10.91	285.39	283.31	282.99	282.40	326.53
44	Office Equipment (6)	116.41	−0.6	15.85	7.19	7.44	117.08	117.40	117.49	117.48	112.95
45	Shipping and Transport (13)	551.28	−0.7	16.01	6.89	7.33	555.32	548.19	546.95	544.67	584.76
46	Miscellaneous (45)	298.38	−0.6	13.09	5.58	9.34	300.32	299.15	299.04	300.12	274.52
49	INDUSTRIAL GROUP (488)	299.60	−0.9	11.87	5.30	10.31	302.34	301.38	301.95	300.14	251.32
51	Oils (12)	678.81	−4.2	24.74	8.44	4.48	708.27	716.72	713.90	711.72	802.91
59	500 SHARE INDEX	330.40	−1.4	13.96	5.81	8.51	335.26	335.05	335.34	333.50	295.04
61	FINANCIAL GROUP (118)	268.82	−0.8	—	5.44	—	271.08	267.99	267.30	267.63	228.47
62	Banks (6)	275.44	−0.5	33.29	6.58	3.50	276.84	275.08	276.47	276.46	236.39
63	Discount Houses (10)	285.29	+0.2	—	7.90	—	284.78	284.78	281.22	280.46	265.29
64	Hire Purchase (3)	259.72	—	11.79	7.00	11.74	259.72	259.17	259.50	259.17	234.16
65	Insurance (Life) (10)	271.88	−0.5	—	5.56	—	273.18	269.23	267.73	268.80	226.09
66	Insurance (Composite) (9)	178.46	−0.5	—	7.14	—	179.40	175.11	172.04	174.17	156.43
67	Insurance Brokers (8)	407.26	−0.3	10.96	5.70	12.39	408.57	406.80	400.72	398.63	343.75
68	Merchant Banks (13)	178.17	−0.6	—	4.74	—	179.27	179.36	179.00	177.36	132.68
69	Property (49)	483.58	−1.9	3.73	2.86	37.03	492.89	487.86	491.02	489.35	420.53
70	Miscellaneous (10)	179.05	−0.1	17.77	5.79	6.84	179.21	178.41	177.93	177.58	137.77
71	Investment Trusts (109)	315.45	−0.4	—	4.99	—	316.73	316.29	316.80	317.03	254.78
81	Mining Finance (3)	244.05	−1.0	14.36	5.60	8.18	246.52	249.21	248.53	245.58	243.26
91	Overseas Traders (20)	447.30	−0.8	11.45	6.66	10.87	450.89	450.39	453.57	453.92	401.53
99	ALL-SHARE INDEX (750)	318.48	−1.2	—	5.71	—	322.49	321.72	321.83	320.57	280.95

FIXED INTEREST

	PRICE INDICES	Mon. July 6	Day's change %	Fri. July 3	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.40	−0.62	108.08	—	5.18
2	5-15 years	103.90	−1.14	105.10	—	6.38
3	Over 15 years	105.20	−1.30	106.59	—	7.78
4	Irredeemables	115.90	−1.47	117.63	—	7.43
5	All Stocks	105.18	−1.03	106.27	—	6.39
6	Debentures & Loans	83.08	−0.46	83.46	—	5.43
7	Preference	63.47	−0.02	63.49	—	3.69

	AVERAGE GROSS REDEMPTION YIELDS		Mon. July 6	Fri. July 3	Year ago (approx.)
	British Government				
1	Low	5 years	12.55	12.37	11.53
2	Coupons	15 years	13.12	12.96	11.51
3		25 years	13.32	13.15	11.51
4	Medium	5 years	14.61	14.27	12.89
5	Coupons	15 years	15.10	14.89	13.05
6		25 years	14.68	14.47	13.03
7	High	5 years	14.65	14.37	13.01
8	Coupons	15 years	15.28	15.07	13.42
9		25 years	14.91	14.68	13.36
10	Irredeemables†		12.72	12.53	11.20
11	Debs & Loans	5 years	15.48	15.38	13.92
12		15 years	15.52	15.44	13.92
13		25 years	15.56	15.49	13.92
14	Preference†		15.66	15.65	14.95

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£24	+⅛	Q$1.40	—	3.0	—
§35	F.P.	22/7	37	30	AlliedResidential 10p	30	...	b2.45	2.0	11.7	6.3
Ir£0.50	F.P.	19/6	40	29	✠Bula Resources	29	−4	—	—	—	—
§85	F.P.	24/6	140	105	✠Business Comp Syst	115	−5	u1.0	6.7	1.2	18.9
75	F.P.	17/7	91	79	Cambridge Elec.	89	−2	b3.7	2.2	5.9	9.0
‖	F.P.	—	25	20	††Energy Sources	20	−2	—	—	—	—
—	F.P.	—	7	6	††Explora Gold	7	...	—	—	—	—
§10	F.P.	27/5	14	13	F'st Charlotte Ast Tst	13	...	—	—	—	—
§10	F.P.	—	21	17	✠ICC Oil services	21	...	—	—	—	32.1
95	Nil	7/8	85	78	KCA Drilling	78	...	b3.75	1.7	6.9	10.1
$12	F.P.	—	640	595	Mexico Fund	610	...	—	—	—	—
§51	F.P.	20/7	69	61	✠M'film R'prograph.	65	...	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	101	...	—	—	—	—
‖	F.P.	—	£37	£30½	Norsk Data	£36	...	Qh5.5%	9.9	0.3	50.4
‡44	F.P.	30/6	58	42	✠Selec TV	44	...	—	—	—	—
§83	F.P.	17/7	90	80	✠Stanelco	88	−1	—	—	—	27.0
§155	F.P.	3/8	205	190	✠Star Computer	202	...	2.0	4.5	1.4	21.1
§90	F.P.	31/7	97	92	✠Trident Comp.Serv.	97	...	bd1.5	4.0	2.2	18.3
§80	F.P.	14/7	91	85	✠UnitedCeramicDist	89	...	b4.2	1.9	6.7	10.2
100	Nil	15/7	4pm	2pm	Utd. Comp. & Techgy.	3pm	...	—	—	—	—
§88	F.P.	31/7	98	89	✠Zygal Dynamics	97	−1	u0.75	6.3	1.1	15.2

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	104	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	107½	−½
100‖	F.P.	22/7	103½	95	BOC 9% Cnv. Uns. Ln. 2001-6	103½	+2½
¶¶	F.P.	26/6	31p	16p	BPC 7.75% Non. Cum. Prf.	31p	+1
99.87	F.P.	16/7	99⅝	97½	Finland 14½% Ln. 1986	97½	...
98½	£25	—	25¾	25	Inco 15¾% Uns. Ln. 2006	25½	...
¶97	£10	—	10	9¾	Mid-Kent Water 9% Red. Prf. 1987	9¾	...
¶100	£10	28/8	8½	7½	Mid-Southern Wat. 9% Red. Pref. '86	7¾	...
‖	Nil	17/7	4½pm	2pm	Mount Charlotte 9½% Cnv. Ln. 1995-2000	2½pm	−½
99	F.P.	27/8	93	93	Newcastle Water 7¾% Red. Pref. 1986	93	...
¶¶	F.P.	10/7	92	90	Photax 11% Cum. Pref.	90	...
100‖	Nil	23/7	9pm	5pm	Prop. Hld. & Inv. Tst. 8½% Cnv. Ln.	6pm	−1¼
¶98	F.P.	28/8	79½	92½	Sund. & S. Shields Water 8% Red. Prf. '87	93½	...

"RIGHTS" OFFERS

Issue Price p‡	Am'nt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	F.P.	6/7	4/9	236	222	AGB	235	+5
64	F.P.	1/6	10/7	88	81	Amal. Power Eng.	88	+2
190	F.P.	1/6	13/7	234	207	Barratt Devs.	233	−1
45	Nil	23/7	28/8	9pm	6½pm	Brengreen	6½pm	...
375	Nil	13/7	2/12	46pm	31pm	B.P.	31pm	−6
290	Nil	13/7	2/12	32pm	16pm	B.P. (H.M.G.)	16pm	−4
500	F.P.	19/6	15/7	£11½	550	Comm. Bk. of Near East	£11½	+1

[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* 9.50 9.93 ..... 3.50
Clive Gilt Fd. (C.I.) 8.32 8.70 ..... 15.17
*Prices on July 2. Next dealing July 9.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 245.0 266.5 ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$10.23 — ..... —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 91.3 91.4 ..... 14.77
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grunebungweg 113, 6000 Frankfurt

[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 205.4 219.7 −1.4 2.98

Hill Samuel Investment Mgmt. Intnl.

[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.85 3.05 ..... 0.56
OCSm. Co.*** 126.4 134.4 ..... 2.46
O.C. Commodity 96.3 102.8 ..... 7.03

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	65.2	70.1	+0.5	2.07
Abbey Capital	51.3	55.4	-0.4	3.97
Abbey General	60.5	65.4	-0.4	4.69
Abbey Gilt & F.I. Tst.	100.0	105.3	-0.8	12.44
Abbey Income	38.1	41.2	-0.1	8.52
Abbey W'w.Bd.Tst.	96.4	102.0		6.57
Abbey Inv. Ts. Fd.	55.1	59.4	+0.1	4.29
Equitas Prog. Tst.	85.8	92.8	-0.4	4.41

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.8	87.9	-0.4	12.90

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 213459

Balanced Funds

Allied 1st	94.5	101.1	-0.6	5.54
Brit. Inds. Fund	80.2	85.8	-0.3	5.94
Growth & Income	54.0	57.8	-0.4	4.33
Elect. & Ind. Dev.	48.5	51.9	-0.3	4.82
Allied Capital	104.2	111.5	-0.9	3.95
Hambro Fund	139.1	148.8	-1.0	5.39
Hambro Acc. Fund	197.9	211.7	-1.3	3.87

Income Funds

High Yield Fd.	70.7	75.6	-0.2	7.94
High Income	85.2	91.2	-0.5	7.02
Equity Income Fd.	49.2	52.6	-0.3	6.96
Govt. Secs.	23.9	24.5	-0.2	12.65

International Funds

International	40.5	43.3		1.92
Japan Fund	31.8	34.0		0.19
Pacific Fund	84.9	90.8	-0.2	0.69
Secs. Of America	90.0	96.3	+0.7	1.71

Specialist Funds

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.4	39.7	-0.5	11.45
North American	72.9	78.8	+0.5	2.16
Canadian Exempt*	80.1	89.7		2.72
Canadian Trust	74.2	80.2	+0.6	2.20
Mid Mount High Inc.*	49.7	52.6		9.16
Recovery	59.3	64.8	-0.7	6.64
Gilt Trust	40.2	42.1	-0.4	13.77

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	48.5	52.3	+0.3	0.48
Cres. Internat'l.	96.7	104.4		1.44
Cres. High. Dist.	45.7	49.3	-0.4	9.13
Cres. Reserves	54.0	58.3	-0.2	5.14
Cres. Tokyo	43.4	46.8	-0.3	0.27

Barlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1		8.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. June 26	256.9	274.0		4.84

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0		7.48
Gt. Winchester O'seas	30.5	33.0		2.98

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	96.9	101.9	+0.5	4.25

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	43.7	47.0	-0.1	0.43
Ameri. Spec. Sits. (z)	32.4	34.9	-0.1	0.10
Gilt + Fixed Int.	23.3	24.5	-0.1	13.05
Growth + Income	34.7	37.4		6.91
Maximum Inc. Eq. Tst.	30.3	32.6		8.05
Special Sits.	44.3	47.7	+0.3	1.57

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99½	93¾	Exch. 3pc 1981	99½	+⅛	3.03	11.58
99½	99⅓	Treas. Variable '81‡‡	99¾	.....	12.41	12.98
100½	99½	Exch. 12¾pc 1981‡‡	99¾	−¼	12.78	13.09
353	95½	Treas. 8½pc '80-82‡‡	97¾xd	−¼	8.69	13.03
95¼	91¾	Treasury 3pc '82‡‡	95	−¼	3.15	11.66
107	100½	Treasury 14pc '82‡‡	100¾	−¼	13.59	12.67
99½	98⅓	Treas. Variable '82‡‡	99⅞	−⅛	12.44	13.81
96½	93½	Treasury 8¼pc '82	95¾	−½	8.61	12.93
96½	93½	Exch. 9¼pc 1982	95⅛	−½	9.72	13.63
95⅛	92⅝	Exch. 8¼pc 1983	94½	−⅞	9.25	12.87
89¼	84⅞	Exch. 3pc 1983	89	.....	3.37	10.51
99⅞	96⅝	Treasury 12pc 1983‡‡	96¾	−⅛	12.40	14.14
99	96¼	Treas. Variable '83‡‡	99	.....	12.49	12.95
94⅛	91¼	Treasury 9¼pc '83	93xd	−⅝	9.94	14.31
101½	98¼	Exch. 13½pc '83	99	−⅝	13.63	13.94
94⅛	91¼	Exch. 10pc 1983	92⅝	−⅝	10.82	13.52
87¼	84½	Funding 5½pc '82-84‡‡	87¼xd	−⅛	6.31	11.51
96¼	93	Exch. 11¼pc 1984	93⅜	−⅞	12.04	14.33
103½	98⅞	Exchequer 14pc 1984	99¼	−⅞	14.10	14.27
81	78½	Exch. 3pc 1984	80⅞	−⅛	3.70	10.73
98⅞	94	Treasury 12pc 1984	94⅜	−⅞	12.71	14.18
107⅞	101⅞	Treasury 15pc 1985	101⅞	−1	14.72	14.28
98⅞	93⅜	Exch. 12pc Cnv. '85	93¼	−1	12.86	14.36
75¾	73¼	Treasury 3pc 1985	75¼	−⅞	3.98	11.02
96½	91½	Treasury 11½pc 1985●	92	−1¼	12.50	14.17
98⅞	93	Exch. 12¼pc 1985	93¼	−1	13.13	14.33
97⅛	91	Exch. 11¾pc '86	91¼	−1	12.87	14.38
70½	68¾	Treasury 3pc 1986●	69⅛	−⅜	4.33	11.44
97½	91¼	Treasury 12pc '86	92	−1	13.04	14.29

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	−3	Q2.5c	—	3.5
41	14	ACM 20c	36	−1	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
229	137	Bond Corp.	226	......	Q7½c	1.9	1.9
104	76	Bougainville I Kina	92	−1	Q25.7c	1.0	16.0
302	214	CRA 50c	266	+2	Q19c	1.7	4.1
25	16	Canada Northwest	19	......	—	—	—
35	16	Carr Boyd 20c	19	......	—	—	—
415	75	Central Pacific	75	......	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—
47	28	Cultus Pacific N.L.	33	......	—	—	—
68	22	Eagle Corp. 10c	60	−5	—	—	—
40	29	Endeavour 20c	33½	+1	—	—	—
500	310	G. M. Kalgoorlie 25c	395	+10	†Q13c	ϕ	1.9
25	9	Great Eastern	13	+1	—	—	—
275	180	Hampton Areas 10p	225xd	......	2.5	ϕ	1.6
168	46	Haoma Gold N.L.	60	−2	—	—	—
85	30	Intl. Mining	30	−2	—	—	—
118	46	Jimberlana (50cFP)	50	−2	—	—	—
245	135	Kitchener NL 25c	150	......	—	—	—
105	40	Leichardt Expln.	45	......	—	—	—
430	275	Meekatharra	400	......	—	—	—
70	49	Metals Ex. 50c	60	......	§Q3c	2.9	2.9
38	20	Metramar Mins. 20cts.	28	−1	—	—	—
20	10	Mid East Mins. NL	13½	+1½	—	—	—
290	190	M.I.M. Hldgs. 50c	252	−4	‡Q27.6c	1.7	‡
21	10	Minefields Expl. 25c	12½	+½	—	—	—
123	83	Mount Lyell 25c	119	−3	‡†Q15c	1.7	7.3
20	13	Newmetal 20c	16	......	—	—	—
69	41	Nickelore N.L.	58	......	—	—	—
204	149	North B. Hill 50c	198	−1	Q18c	3.1	5.3
84	50	Nth. Kalgurli	72	+3	—	—	—
190	94	Nth. Mining Corp.	190	+14	—	—	—
122	36	N. West Mining N.L.	52	−1	—	—	—
150	106	Oakbridge 50c	145	−3	tQ12c	1.1	4.8
185	138	Otter N. L.	165	......	—	—	—
188	164	Pacific Copper	188	+4	—	—	—
605	350	Pancont'l 25c	400	−10	—	—	—
83	42	Paringa M&Ex 5p	83	......	—	—	—
525	375	Peko-Wallsend 50c	480	−15	‡Q27½c	ϕ	2.7
43	27	Pelsart Res NL	36	+2	—	—	—
120	85	Seltrust A	85	......	—	—	—
157	30	Southern Pacific	34	......	—	—	—
100	40	Swan Resources 20c	94	−2	—	—	—
400	9½	West Coast 25c	14	+1	—	—	—
327	227	Westn. Mining 50c	324	−3	Q14c	1.6	2.5
27	14½	Westmex	14½	−1½	—	—	—
76	46	Whim Creek 20c	60	−4	—	—	—
101	58	York Resources	67	−1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	9	Amal Nigeria 1p	9	......	‡6.0	—	—
300	245	Ayer Hitam $M1	245	......	‡Q20.5c	1.0	‡
104	54	Beralt Tin	104	......	ϕ5.0	3.3	6.9
155	98	Geevor	107	......	—	—	—
11	8	Gold & Base 12½p	11	......	—	—	—
660	525	Gopeng Cons.	525	......	‡30.0	1.8	‡
450	348	Hongkong	355xd	......	21.0	ϕ	8.4
137	115	Idris 10p	137	+2	9.0	0.8	9.4
35	13	Jantar 12½p	35	+2	3.0	ϕ	13.4
98	85	Kamunting $M0.50	85	......	‡Q80c	1.0	‡
625	363	Killinghall $M1	625	......	‡Q66.7c	ϕ	2.2
114	88	Malay Dredging 10c	114#	......	‡‡Q38c	0.9	6.8
68	30	Pahang	66	......	0.63	8.8	1.4
118	90	Pengkalen 10p	117	......	3.5	0.6	4.3
380	325	Petaling $M1	330	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	‡1.0	4.4	‡
225	200	Sungei Besi $M1	215	......	‡Q480c	1.1	‡
185	95	Supreme Corp. $M1	185	......	‡Q15½c	ϕ	1.7
118	116	Tanjong 15p	118	......	3.5	3.7	4.2
90	75	Tongkah H. Tin $Sm	75	......	Q25%	0.4	6.1
410	340	Tronoh $M1	345	......	Q110c	1.2	6.5

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
335	165	Messina R0.50	305xd	......	†Q45c	4.7	8.4

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	155	......	—	—	—
55	40	Barymin	47	......	—	—	—
25½	14	Burma Mines 10p	19	−1	0.75	0.9	5.6
330	180	Colby Res. Corp.	245	−5	—	—	—
275	200	Cons. Murch. 10c	230	......	‡Q30c	1.8	7.5
98	65	††Hemerdon 10c	65	......	—	—	—
180	135	Highwood Res.	155	+5	—	—	—
400	300	Northgate C$1	350	......	—	—	—
580	372	R.T.Z.	530	−5	16.0	3.2	4.3
£125	£93½	Do. 9½%Cu.Ln.'95-2000	£117	−1	Q9½%	—	†8.0
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	27	Sabina Inds. C$1	30	+3	—	—	—
44	28	††SWCM 10p	37	......	—	—	—
555	465	Tara Exptn. $1	540	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	43	−1
Bertam	13	......
Bdg'wtr. Est. 50p	400	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	22	......
Graig Ship. £1	£21	−½
Higsons Brew	70	......
Holt (Jos) 25p	400	......
I.O.M. Stm. £1	157	......
Pearce (C. H.)	870	......
Peel Hldgs.	100	......
Sheff. Refrsbmt	47	......
Sindall (Wm.)	195	......

IRISH

Conv. 9% '80/82	£91⅞	−⅛
Nat. 9¾% 84/89	£69⅝	−⅞
Fin. 13% 97/02	£80½	−½
Alliance Gas	70	−2
Arnott	295	......
Carroll (P.J.)	85xd	......
Concrete Prods.	93	......
Helton (Hldgs.)	30	......
Ins. Corp.	400	......
Irish Ropes	43	+½
Jacob	59	......
T.M.G.	19	......
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6		
Barclays Bank	36	Ladbroke	30	**Property**	
Beecham	18	Legal & Gen.	20	Brit. Land	8
Blue Circle	35	Lex Service	10	Cap. Counties	11
Boots	20	Lloyds Bank	28	Land Secs.	37
Bowaters	24	"Lofs"	4½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	15
B.A.T.	25	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	9	"Mams"	20	Town & City	2¾
Burton Ord.	14	Mrks. & Spncr	11		
Cadburys	7½	Midland Bank	26	**Oils**	
Courtaulds	7	N.E.I.	8	Brit. Petroleum	33
Debenhams	10	Nat. West. Bank	32	Burmah Oil	16
Distillers	17	P & O Dfd.	12	Charterhall	8
Dunlop	8½	Plessey	28	KCA	22
Eagle Star	25	Racal Elect.	34	Premier	7½
F.N.F.C.	3	R.H.M.	5	Shell	32
Gen. Accident	30	Rank Org. Ord.	18	Tricentrol	30
Gen. Electric	60	Reed Intnl.	25	Ultramar	44
Glaxo	28	Sears	5		
Grand Met.	18	Tesco	5½	**Mines**	
G.U.S. 'A'	44	Thorn EMI	30	Charter Cons.	21
Guardian	30	Trust Houses	15	Cons. Gold	45
G.K.N.	15	Tube Invest.	18	Lonrho	9
Hawker Sidd	25	Turner & Newall	10	Rio T. Zinc	45
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday July 7 1981

CARRINGTON PROPOSALS DISMISSED AS 'UNREALISTIC'

Moscow rejects Afghan plan

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION yesterday dismissed as "unrealistic" the European Community plan for a negotiated settlement in Afghanistan, which was presented in Moscow on behalf of the EEC by Lord Carrington, the Foreign Secretary.

Mr Andrei Gromyko, the Soviet Foreign Minister, said after the talks that it was natural for other countries to interest themselves in the international aspects of the Afghan issue but "as to internal matters . . . everybody must keep their hands off."

Lord Carrington said that there was "no reason to think that Soviet perceptions had changed" over Afghanistan despite reports of Soviet losses there, but he said he hoped that "on reflection" the merits of the EEC proposal would become clearer to the Soviets.

Lord Carrington stopped in Rome on his way back from Moscow to try to soothe the wounded feelings of the Italian Government at being excluded from Sunday's high-level preparatory talks in London which preceded his meeting with Mr Gromyko. Page 2

Lord Carrington said he was disappointed but not surprised by Moscow's reaction to the proposals. He explained that the Soviet Union's objection stemmed mainly from the fact that the proposals did not include involving the Soviet-backed Afghan government of Mr Babrak Karmal from the start of negotiations.

After five hours of talks with Mr Gromyko, Lord Carrington said he wanted to continue the dialogue.

He referred to the EEC's proposal as "a natural talking point in the months ahead" and said that as far as he was concerned, it was still on the table.

Lord Carrington said that the Soviet Union had neither accepted nor specifically rejected the proposal, but had described it as "unrealistic in its present form."

According to Lord Carrington, Mr Gromyko insisted that the Afghan Government would have to be represented in the first stage of the negotiations.

This would effectively preclude the possibility of removing the present regime in Afghanistan, which Lord Carrington said was "unrepresentative," while restricting any international conference to the task of finding ways of guaranteeing the country's security.

The Common Market initiative, which was drafted to avoid known Soviet objections, called for a two-stage conference on Afghanistan with the first stage involving the five permanent members of the UN Security Council plus Afghanistan's neighbours—Iran, India and Pakistan—working out safeguards for Afghanistan's security as a non-aligned state.

The form of government for Afghanistan would only be determined during the second stage of the conference when the eight nations would be joined by representatives of the Afghan people.

EEC attacks 'neglect' of dollar

BY JOHN WYLES IN BRUSSELS

EEC finance ministers yesterday endorsed a critique of U.S. interest rate and dollar policies which suggests that Washington's "benign neglect" of the dollar is out of line with International Monetary Fund guidelines and statutes.

The point is made in a detailed assessment of the impact of recent movements of U.S. interest rates and the dollar prepared for ministers by the EEC's monetary committee. The report provides the basis for the arguments which the four EEC heads of government, Mrs Margaret Thatcher, Chancellor Helmut Schmidt, President Francois Mitterrand and Sig Giovanni Spadolini will put to President Ronald Reagan at the world economic summit in Ottawa in two weeks time.

The confidential report was drawn up by representatives of the Ten's central Banks and Treasuries, and follows closely the European Commission's preferred approach. It shows that behind public differences of emphasis there is a consensus among member states on a tough debating approach to the U.S.

Indeed, ministers agreed yesterday to flesh out some additional points by asking the monetary committee to provide the EEC's representatives at Ottawa with a quantified assessment of the impact on EEC countries of the sharp rises in the value of the dollar and in interest rate levels.

The committee says the 35 to 42 per cent appreciation of the dollar against European Monetary System currencies in the past 12 months is confronting the Community with import price rises comparable to those caused by big oil price rises.

Experience of floating rates since 1973 shows that a certain amount of intervention in the markets is necessary in conformity with IMF statutes and guidelines in order to counter erratic movements and market disorder, says the report.

"American intervention policy, as recently outlined before the Congress, seems to go too far by limiting itself to dealing with market disorer," comments the monetary committee.

The report also deals with the volatility of U.S. interest rates and their impact at current levels. Pointing out the difficulties that volatile short term rates create for the international investment climate, the report refers approvingly to suggestions that the U.S. ought to "dedramatise" its money supply statistics by moving away from weekly publication.

But it implicitly criticises America for allowing taxpayers to offset some interest payments against tax. This means that interest rates have to be "very high" to affect personal borrowing, says the committee.

U.S. interest rates, the report goes on, are forcing some countries to push up their rates to much higher levels than would be justified by purely domestic considerations.

It warns that, if real interest rates remain excessively high for a long period, productive investment will be damaged just at a time when it is urgently needed to help to lower unemployment and facilitate the necesary structural changes within the Community's economies.

Miners may halve Polish coal output

By Christopher Bobinski in Warsaw

POLISH MINERS have threatened to cut coal output by half unless there is a radical improvement in supply of food to Silesia, the most important mining and industrial region.

News of the threat coincides with publication of Government figures showing that coal production in the first six months of the year fell to 81.3m tonnes, from 104m tonnes in the first half of 1980.

Output at this level is barely sufficient to cover normal domestic demand for coal, which is Poland's prime source of both energy and hard currency.

Only savings due to a 14 per cent drop in domestic industrial production and a relatively mild winter have enabled the country to export any coal this year. Exports to the end of June slumped to 8.6m tonnes, compared with 19.8m tonnes in the first six months of last year.

Only 5m tonnes were exported to the West, and the remaining 3.6m went to Comecon customers. Both totals were well below Poland's export commitments, and have led to protests from Western and Comecon importers.

The dramatic fall in output follows abolition of Sunday working and introduction of voluntary 'Saturday working since January 1.

The Mining Ministry claims that the only way of increasing output is for more miners to work on Saturdays.

The mining branch of the Solidarity trade union movement says that more spare parts and better organisation would help make up the shortfall caused by the 20 per cent drop in hours worked.

On average voluntary Saturday working produces only 64,000 tonnes, compared with 610,000 when Saturdays were part of regular seven-day shift working.

Mines crisis, Page 2

Sharp drop in living standards

BY DAVID MARSH

THE RECESSION led to a sharp fall in average living standards in the first three months of this year, and also reduced further the profits of companies outside the buoyant North Sea oil sector, according to Government figures published yesterday.

Consumer spending, however, continued to grow as Britons drew on savings to increase purchases of a wide range of retail goods. Alcoholic drink purchases were also up.

The Central Statistical Office reported that personal disposable income, the best yardstick of living standards, fell a seasonably adjusted 1.4 per cent, after making allowance for inflation, in the first quarter compared with the final three months of 1980.

This followed a rise of 1.9 per cent in 1980 overall compared with 1979 and an unprecedented increase of 17.4 per cent over the whole of the last three years.

Personal incomes suffered during the first quarter as a result of lower wage rises and increasing unemployment. The squeeze on incomes is likely to persist this year, reflecting the rise in the tax burden decided in the March Budget.

Illustrating the widening gulf between the finances of companies in the energy sector and the rest of industry, gross trading profits of North Sea oil and gas companies rose 28 per cent in the first quarter compared with the final three months of 1980. This mainly reflected higher oil prices.

Leaving aside gains arising from the value of stocks, their profits totalled a seasonally-adjusted £2.3bn in the first three months—or nearly 40 per cent of total industry profits in that period.

Other industrial and commercial companies saw profits fall by a further 5.4 per cent to £3.5bn—12.5 per cent below the level of the first quarter last year.

In spite of the drop in real incomes, the volume of consumer spending rose 1.4 per cent in the first three months compared with the final 1980 quarter.

The percentage of personal incomes channelled into savings fell to 13.7 per cent from 16 per cent in the fourth quarter and the peak 17 per cent in the third quarter last year.

Spending increased particularly on radio and electrical goods and clothing, reflecting bargain prices offered by stores during extended New Year sales.

Bonn trade deficit likely to fall

BY JONATHAN CARR IN BONN

WEST GERMANY is likely to see a sharp cut in its current account deficit over the next 18 months, combined with a lower inflation rate and a stronger D-mark. But unemployment will be even higher next year than this.

These are the main conclusions of the annual survey of Germany published today by the Paris-based Organisation for Economic Co-operation and Development.

They are broadly in line with the trend the Bonn Government itself expects, though the projected improvement in the current account is greater than most West German officials at present dare hope for.

The OECD believes that after a deficit of some $17bn this year—slightly higher than the figure for 1980—the current account will be only just over $5bn in the red in 1982.

It sees as the main reason the boom in the export of goods and services induced in particular by the depreciation of the West German currency over the last 18 months. While the initial effect on the D-mark's slide has been to worsen the terms of trade, what the OECD describes as the basic strength of the West German economy should now start to show through again.

The report stresses that over the last five to six years, West German fixed asset investment has been higher than in most other Western countries. Further, reasonable trade union behaviour has helped keep prices relatively stable. Inflation is projected to rise by 5.5 per cent this year and only 4 per cent in 1982.

On top of this, the weaker D-Mark has begun an adjustment process made evident by the recent upturn in West German export orders, according to the OECD. This ought now to lead to a current account improvement and a stronger exchange rate

The OECD sees a contraction of the Gross National Product in real terms this year of 1.5 per cent and a rise of 2 per cent next year. But it also makes an important provision, stressing that its figures have been based on a continuing high level of interest rates, and suggests that a cut in these rates of some 3 per cent could increase West German GNP growth by as much as 1 per cent.

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Materials

The index of output prices charged for manufactured products in the home market rose by 0.8 per cent to 221.0 (1975=100) in June, in line with the trend in recent months. Over half this increase was caused by higher prices for petroleum products.

The rate of growth of this index has picked up from the exceptional low levels of last autumn.

The output prices index has risen by fractionally unde 10 pe cent in th last year compared with a 10.2 per cent rise in the 12 months to May. The annual rate of growth of the materials and fuel cost index jumped from 12.8 to 14.1 per cent between May and June.

Whitelaw

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that while no single solution to the problem would be likely to be found by any inquiry, the issue of high unemployment would be the largest factor.

The Government would have to make over huge sums in public expenditure to deal with the "appalling social conditions" in such areas. This money would be far better spent in dealing with the root causes of such outbreaks of violence than in paying people to be unemployed.

He was critical, too, of unspecified political groups seeking to e xploit racial hatred.

While the key problem was of bringing back the prospect of real employment to young people, many were coming out of school unable to find a job, and were in danger of becoming "victims of these evil forces which want to exploit them."

Ian Hamilton Fazey writes in Liverpool: Ruined landmarks were still smouldering last night as people grimly set about clearing up after the weekend of rioting, arson and looting.

A total of 185 policemen were injured, and 43 kept in hospital, one with a fractured skull.

At one stage, 25 CS gas canisters were used by surrounded police officers to save themselves.

About 800 police were tried to contain the rioters, totalling about 500. Merseyside Police were reinforced by officers from Greater Manchester, Cheshire and Lancashire.

The main battle was in Toxteth's Upper Parliament Street. Looters rampaged down nearby Lodge Lane wrecking shops and setting fire to buildings. The lane was still littered with debris last night, and closed to through traffic.

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NUM

complexion of the union's executive committee.

The U.S. inquiries come at a time when the British TUC is encouraging trade union trustees to back British rather than overseas acquisitions and to argue the case for investment in manufacturing rather than property.

But the NUM has not tried to put pressure on its trustees in this way. It shares the view of most unions that the trustee is bound first by his duty to secure the best return on the money invested. The NCB fund has already invested heavily in overseas property.

The issue of investment policy will be debated at the miners' conference in Jersey this week.

Gas strike threatened over sale of showrooms

By Pauline Clark, Labour Staff

BRITAIN COULD face a national strike in the gas industry — the first ever to involve operators of the national grid as well as manual workers — if the Government orders the British Gas Corporation to sell off its high street showrooms.

Union leaders of the industry's 106,000 gas workers made this clear yesterday amid mounting speculation that a Government decision on the future of British Gas Corporation's showrooms may be announced towards the end of this week.

They warned that if, as expected, an announcement of plans to dispose of the corporation's 900 showrooms goes ahead, a token "short-term" national strike could take place as early as next week.

This would be followed by "much more thorough going action to prevent the Government carrying its decision through" and could involve a co-ordinated action programme for the first time in the gas industry by staff and manual workers' unions.

The eight unions involved fear that more than 50,000 jobs could be lost in the Corporation and in factories supplying it with gas appliances if the Government adopts the Monopolies and Mergers Commission recommendations that the Corporation's gas retail operations should be curtailed.

The Government is believed to favour a phased five-year programme for the sale of the showrooms, involving the disposal of half of them in the first two years.

Under the commission's recommendation, showrooms would either be sold off in three years or the Corporation would retain its retail outlets but under a separate accounting system.

The National and Local Government Officers' Association and the General and Municipal Workers' Union representing some 90 per cent of the Gas Corporation's employees claimed yesterday that either option would lead to job losses.

Mr David Stirzaker of NALGO which represents 50,000 staff in the industry including key operators of the national grid, warned that an all-out stoppage could be "catastrophic."

The corporation's 78,000 industrial customers led by companies in the chemicals, engineering and metals sectors would be hit first by any halt in supplies.

Weather

UK TODAY

MOSTLY dry with sunny intervals. Some rain in N.W. England, N. Ireland and W. Scotland.

London and the South, N. England, Midlands, S.W. England
Mainly dry, sunny intervals. Max. 22C.

N. Wales, Lake District, Isle of Man, S.W. Scotland, Glasgow area, N.W. Scotland, N. Ireland
Cloudy, rain or drizzle chiefly near coasts. Max. 17C.

Borders, Edinburgh and Dundee, Aberdeen
Mostly dry, sunny intervals. Max. 17C

Central Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland
Bright intervals. Rain in places later. Max. 16C.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†	F	21	70
Algiers	F	28	82	Luxmbg.	C	19	66
Amsdm.	F	20	68	Luxor	S	40	104
Athens	S	29	84	Madrid	S	31	88
Bahrain	S	29	84	Majorca	S	28	82
Barclna.		—	—	Malaga	S	25	77
Beirut	F	29	84	Malta	S	28	82
Belfast	R	16	61	M'chstr.	C	16	61
Belgrd.	F	24	75	Melbne.	F	11	52
Berlin	F	26	79	Mx. C.†		—	—
Biarritz	C	22	72	Miami†	S	27	81
Bmghm.	C	17	63	Milan	S	27	81
Blackpl.	C	16	61	Montrl.†	S	22	72
Bordx.	S	22	72	Moscow	F	26	79
Boulgn.	F	16	61	Munich	F	23	73
Bristol	C	18	64	Nairobi	C	20	68
Brussels	C	21	70	Naples	F	28	82
Budpst.	F	24	75	Nassau		—	—
Cairo	S	36	97	Nwcstl.	C	15	59
Cardiff	C	16	61	N York†	S	24	75
Cas'b'ca	F	24	75	Nice	S	25	77
Cape T.	C	16	61	Nicosia		—	—
Chicg.†	S	19	66	Oporto	F	20	68
Cologne	C	22	72	Oslo	C	18	64
Cpnhgn.	F	20	68	Paris	C	21	70
Corfu	S	29	84	Perth	C	14	57
Denver†	S	18	64	Prague	F	25	77
Dublin	C	18	64	Reykjvk.	F	13	55
Dbrvnk.		—	—	Rhodes	S	28	82
Ednbgh.	R	16	61	Rio J.o†		—	—
Faro	S	27	81	Rome	F	30	86
Florence	S	29	84	Salzbrg.	F	24	75
Frankft.	C	23	73	S F'cisc†		—	—
Funchal	F	21	70	S. Moritz		—	—
Geneva	F	23	73	Singapr.		—	—
Gibraltar	S	24	75	S'tiago.†		—	—
Glasgow	C	15	59	Stckhm.	F	22	72
G'rnsey	S	17	63	Strasbg.	C	24	75
Helsinki	F	21	70	Sydney	S	16	61
H. Kong		—	—	Tangier	S	31	88
Innsbrk.	S	22	72	Tel Aviv	S	28	82
Invrnss.	C	18	64	Tenerife	F	20	68
I.o.Man		—	—	Tokyo	F	29	84
Istanbul	C	21	70	Toronto†	S	19	66
Jersey	S	20	68	Tunis	S	29	84
Jo'burg	S	15	59	Valencia	S	26	79
L. Plms.	F	24	75	Venice	F	26	79
Lisbon	S	23	73	Vienna	F	24	75
Locarno	F	26	79	Warsaw	F	22	72
London	F	20	68	Zurich	F	23	73

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

Giving priority to sterling

The monetary statistics may have been rendered almost meaningless by the civil servants' dispute, but in the end the Government's hand on interest rates has been forced by forms of data which continue to be freely available—those on exchange rates and inflation. Period rates were already firming in the money market yesterday morning, and then after lunch the Bank of England sent out a clear signal on very short rates by lending to several discount houses at above the now irrelevant Minimum Lending Rate of 12 per cent. It would seem that the Bank's much more relevant, but unpublished, interest rate band has been raised.

Yesterday's developments sent further shudders through a gilt-edge market already overshadowed by tomorrow's second index-linked issue, and equities slipped back too. In fact gilts received a little encouragement from wholesale price indices for June which were slightly less bad than expected; even so, the acceleration of input prices to an annualised rate of increase of 25 per cent during the past six months is a reminder that forces which in 1980 were acting to restrain inflation are now working the other way.

The timing of the Bank's intervention just ahead of today's banking figures has inevitably aroused speculation that monetary growth is too high. However that may be, consequential interest rate rises, such as those for the clearers' base rates, have yet to follow.

Index fell 7.2 to 540.8

Conoco bid

Du Pont shares had only one way to go after the announcement of its extraordinary decision to make an agreed bid for Conoco. Before the news, Du Pont had been capitalised at about $8bn, whereas Conoco's market value had been well under $5bn until the recent bid excitement started to stir up its share price. Under the terms of yesterday's deal, Du Pont is proposing to increase its equity by just over a half and issue $3bn in cash. So unless the stock market believed that the synergy of a link up could add some $2bn to the combined worth of the two companies, Du Pont's share had to fall. It didn't, and they did—down $5¼ in early trading to $45.

Both sides are now wheeling out good old fashioned arguments about the virtues of vertical integration. Thus about 70 per cent of Du Pont's production is dependent on feedstocks derived from crude oil and natural gas. Yet Du Pont has only recently signed a long-term deal with Shell to secure the competitive supply of a major part of its olefin feedstock needs over the next decade. And even if the value of integration was so great, a deal of this size could only really make financial sense as a true merger with neither side being offered a premium in terms of its share price.

Instead Du Pont has taken on the improbable role of a white knight, rescuing Conoco from the unwelcome attentions of Seagram. Whatever the anti-trust authorities think, Du Pont's shareholders may well feel disgruntled—and they have to approve the deal.

Mercantile House

Mercantile House is enjoying its position as the focus of consolidation of a rapidly expanding sector. The relative security deriving from the spread of its business in terms of geography, number of services and customer base has helped to push its historic fully-taxed rating into the high teens. From this vantage point it has made a string of acquisitions at a typical fully-taxed exit p/e of six. In the year to March pre-tax profits have more than doubled to £7.1m, and it is likely that the greater part of the increase comes from acquisitions.

Meanwhile, the company has announced its second rights issue within 12 months, this time for £9.8m. The stated reason—to finance three more proposed acquisitions—is not quite the whole story given a balance sheet clean of debt, containing £5m of cash. The likelihood is that Mercantile wants to leave headroom for further rapid expansion.

Pre-tax profits this year may approach £12m, with earnings per share up by about two-fifths in spite of the dilution. The expansion phase still has some years to run, suggesting that yesterday's setback in the share price, down 17p to 838p, is likely to prove temporary.

CRA-Chloride

Senior executives of Chloride Group were yesterday holed up in a South Coast hotel debating the group's future. The announcement that CRA, the Australian subsidiary of RTZ, had picked up 9 per cent of the shares in the morning to take its total stake to 14.9 per cent must have sharpened the discussions. Chloride has, of course, been highly vulnerable since its poor results and Convertible Preference rights issue a couple of weeks ago sent the share price down to a low of 25p, and Chloride may well be relieved that the raider is not much more objectionable than CRA. Yesterday's news left the share price 3p higher at 30p.

Officially, CRA is content with a modest downstream investment in a lead-consuming business. At the very least, however, it must be planning to take an active role if the troubled batteries group fails to achieve an early turnround.

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